

BRITISH ENERGY LIMITED

REGISTERED NUMBER: SC162273

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

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BRITISH ENERGY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

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Directors	David Tomblin Matthew Sykes
Registered office	EDF Energy GSO Business Park East Kilbride Scotland G74 5PG

BRITISH ENERGY LIMITED
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STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2019.

Principal activity

The principal activity of British Energy Limited (the "Company") during the year was to act as an intermediate holding company of EDF Energy Nuclear Generation Group Limited and its subsidiaries. On 1 November 2018, the Company transferred the provision of information management, engineering and administrative services to EDF Energy Nuclear Generation Limited.

Review of the business

The profit for the year before taxation amounted to £2,850m (2018: £443m) and the profit after taxation amounted to £2,850m (2018: £442m). This increase is due to dividends received in the year from British Energy Generation (UK) Limited. The net assets of the Company at 31 December 2019 amount to £1,883m (2018: £2,383m). The decrease in net assets is as a result of dividends paid to British Energy Bond Finance Limited.

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

Principal risks and uncertainties

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

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 the significant net current asset position.

Credit risk is mitigated by the nature of the debtor balances owed, with these due from other Group companies who are able to repay these if required.

EU Referendum

The United Kingdom (UK) voted to leave the membership of the European Union (EU) on 23 June 2016. Following the vote to leave, a Withdrawal Agreement (WA) and Political Declaration (PD), setting out the framework for the future relationship between the European Union and UK after the UK's exit from the European Union and Euratom, were agreed in November 2018 but were subsequently revised in October 2019. The revised Agreements (WA and PD) were subsequently approved by both the UK Parliament and the EU institutions in January 2020 and the UK officially left the EU on 31 January 2020.

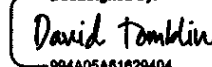
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STRATEGIC REPORT (CONTINUED)

Going concern

The company is a holding company and is dependent on the continued forecast profitability and cash generation of its subsidiaries. After making enquiries and reviewing cash flow forecasts and available facilities for at least the next twelve months (including subsequent events and the impact of COVID-19 (note 20)), 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 within the Strategic Report. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board and signed on its behalf by:

DocuSigned by:

.....994A05A93929404.....
David Tomblin
Director

31 July 2020

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DIRECTORS' REPORT

The Directors present their annual report and the financial statements for the year ended 31 December 2019.

Principal risks, going concern and a review of the business are discussed within the Strategic Report.

Directors

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

David Tomblin

Matthew Sykes - Director (appointed 2 December 2019)

Brian Cowell (resigned 2 December 2019)

None of the Directors had a service contract with the Company in the current or prior year. They are all employed by associated companies within the EDF Energy Holdings Limited Group, and no portion of their remuneration can be specifically attributed to their services to the company. Details of total Directors' remuneration is available in the group accounts, which are available to the public as set out in note 19.

No Director (2018: none) held any interests in the shares or debentures of the Company or the Group that are required to be disclosed under the Companies Act 2006.

Dividends

Dividends of £3,350m were paid in the year (2018: £nil).

Political donations

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

Future developments

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

Exemption from audit

For the year ending 31 December 2019 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Post balance sheet events

The impact of Covid-19 is disclosed in note 20 of the financial statements.

Directors' liabilities

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

Approved by the Board and signed on its behalf by:

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David Tomblin
Director

31 July 2020

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DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £m	2018 £m
Revenue	4	-	56
Gross margin		-	56
Materials and contracting costs		-	(19)
Personnel expenses	5	-	(8)
Other operating expenses		-	(19)
Depreciation and amortisation	6	-	(7)
Operating profit		-	3
Other gains and (losses)	7	-	(391)
Loss before taxation and investment income		-	(388)
Investment income	8	2,850	831
Profit on ordinary activities before taxation		2,850	443
Taxation	10	-	(1)
Profit for the year		2,850	442

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

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £m	2018 £m
Profit for the year		<u>2,850</u>	<u>442</u>
Items that may be reclassified subsequently to profit or loss			
Net (losses)/gains on available for sale assets	12	-	(2)
Remeasurement of retirement benefit obligations		<u>-</u>	<u>1</u>
		<u>-</u>	<u>(1)</u>
Total comprehensive income attributable to the owners of the Company for the year		<u>2,850</u>	<u>441</u>

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

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BALANCE SHEET
AT 31 DECEMBER 2019

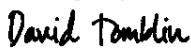
	Note	2019 £m	2018 £m
Non-current assets			
Financial assets	12	11	10
Investments in subsidiary undertakings	13	<u>127</u>	<u>127</u>
Current assets			
Trade and other receivables	14	<u>1,745</u>	<u>2,254</u>
Total assets		<u>1,883</u>	<u>2,391</u>
Current liabilities			
Other liabilities	15	-	(3)
Current tax liability		<u>-</u>	<u>(5)</u>
Net current assets		<u>1,745</u>	<u>2,246</u>
Total liabilities		<u>-</u>	<u>(8)</u>
Net assets		<u>1,883</u>	<u>2,383</u>
Equity			
Called up share capital	16	-	-
Share premium reserve	16	1,144	1,144
Capital redemption reserve	16	351	351
Merger reserve	16	187	187
Retained earnings		<u>201</u>	<u>701</u>
Shareholders' funds		<u>1,883</u>	<u>2,383</u>

For the year ending 31 December 2019 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of British Energy Limited (registered number SC162273) on pages 5 to 21 were approved by the Board for issue and signed on its behalf by:

DocuSigned by:

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 David Tomblin
 Director

31 July 2020

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £m	Share premium reserve £m	Capital redemption reserve £m	Merger reserve £m	Retained earnings £m	Total £m
At 1 January 2018	-	1,144	350	187	260	1,941
Profit for the year	-	-	-	-	442	442
Other comprehensive income	-	-	-	-	(1)	(1)
Total comprehensive income	-	-	-	-	441	441
Other capital redemption reserve movements	-	-	1	-	-	1
At 31 December 2018	-	1,144	351	187	701	2,383
Profit for the year	-	-	-	-	2,850	2,850
Dividends (note 11)	-	-	-	-	(3,350)	(3,350)
At 31 December 2019	-	1,144	351	187	201	1,883

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NOTES TO THE FINANCIAL STATEMENTS

1 General information

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

Basis of preparation

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

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

The financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period as explained in the accounting policies in note 2. Historical cost is generally based on the fair value of the consideration given in exchange for the asset.

Summary of disclosure exemptions

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

- a) The requirements of IFRS 7 Financial Instruments: Disclosures;
- b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- d) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
- e) the requirements of IAS 7 Statement of Cash Flows;
- f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- 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;
- j) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a)-119(c), 120-127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- k) the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases; and

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

I) the requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

Where relevant equivalent disclosures have been given in the group accounts of EDF Energy Holdings Limited, which are available to the public as set out in note 19.

Going concern

The company is a holding company and is dependent on the continued forecast profitability and cash generation of its subsidiaries. After making enquiries and reviewing cash flow forecasts and available facilities for at least the next twelve months (including subsequent events and the impact of COVID-19 (note 20)), 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 within the Strategic 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 British Energy 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 intermediate parent, EDF Energy Holdings Limited, a company incorporated in United Kingdom.

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Revenue is recognised either when the performance obligation in the contract has been performed or as control of the performance obligation is passed to the customer.

Finance income and costs

Finance charges are accounted for on an accruals basis in the Income Statement based upon effective rates.

Investment income is earned on financial assets and recognised on an accruals basis.

Foreign currency transactions and balances

The functional and presentational currency of the Company is pounds sterling. Transactions in foreign currency are initially recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

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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.

Depreciation

Depreciation is charged so as to write-off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation rate
Plant and equipment	5 years

Trade and other receivables

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Amounts owed to other Group companies are interest free and are stated at their nominal value.

Financial assets

Financial assets are classified as financial assets subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss (FVTPL) on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

A financial asset shall be measured at amortised cost if both the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

An irrevocable election is made at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

Financial assets at FVTPL are stated at fair value with any gains or losses on remeasurement recognised in profit or loss.

Financial assets other than those at FVTPL are tested for impairment at the end of each reporting period. The financial asset impairment is measured as the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Financial assets (continued)

The Company de-recognises a financial asset when the contractual rights to the cashflows from the asset expire, or when it transfers the financial asset along with substantially all the risks and rewards of ownership to a third party. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying value and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Investment in subsidiaries

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

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

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

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

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

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

Capital Redemption Reserve

The capital redemption reserve was created following a return of value and purchase and cancellation of own shares by the Company in the year ended 31 March 2000.

Merger Reserve

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

4 Revenue

Revenue, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to the activity of recharging management charges to EDF Energy Nuclear Generation Limited and its subsidiaries and other miscellaneous income and is recognised on an accruals basis.

On 1 November 2018, the Company transferred the provision of information management, engineering and administrative services to EDF Energy Nuclear Generation Limited, therefore revenue is no longer recognised from this activity.

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2019	2018
	£m	£m
Sales of goods and services	<u>-</u>	<u>56</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Personnel expenses

The aggregate payroll costs were as follows:

	2019 £m	2018 £m
Wages and salaries	-	5
Social security costs	-	1
Pension costs	-	2
	<u>-</u>	<u>8</u>

The average number of persons employed by the company (including directors) during the year was as follows:

	2019 No.	2018 No.
Engineering, technical and corporate support	-	79

As set out in the strategic report, the operations of the company has been transferred to EDF Energy Nuclear Generation Limited therefore there were no employees or personnel expenses in the year.

6 Profit before taxation and finance costs for the year

Profit for the year has been arrived at after charging the following gains and losses:

	2019 £m	2018 £m
Depreciation expense	<u>-</u>	<u>7</u>

In 2019 the Company utilised the exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. As such no amounts were paid to Deloitte (or any other auditor) in respect of the Company's annual accounts. In 2018, an amount of £19,950 was paid to Deloitte for the audit of the Company's annual accounts. This charge was borne by another group company. In 2019 amounts payable to Deloitte LLP by the Company in respect of non-audit services were £nil (2018: £nil).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2019	2018
	£m	£m
Write-off of subsidiaries	<u>-</u>	<u>391</u>

In 2018, British Energy Finance Limited, British Energy Technical Services Limited, British Energy Treasury Finance Limited, British Energy Group Limited, British Energy Generation Limited and Eggborough Power (Holdings) Limited were placed in voluntary liquidation and subsequently dissolved. An impairment of £391m was recognised to write-off the investment in these subsidiaries.

Prior to dissolution of the above subsidiaries, British Energy Limited received distributions in specie as detailed in note 8.

8 Investment income

	2019	2018
	£m	£m
Dividends from shares in Group undertakings	<u>2,850</u>	<u>831</u>

During 2019, the Company received a distribution in specie of £2,850m from British Energy Generation (UK) Limited.

In 2018, British Energy Limited received distributions in specie from the following subsidiaries which have subsequently been placed in voluntary liquidation and dissolved; £6m from British Energy Renewables Limited, £794m from British Energy Trading and Sales Limited, £5m from British Energy Finance Limited and £21m from Eggborough Power (Holdings) Limited. The Company also received a cash dividend of £5m from British Energy Trading and Sales Limited.

9 Directors' remuneration

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

No Director (2018: none) held any interests in the shares or debentures of the Company or the Group required to be disclosed under the Companies Act 2006.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Tax

(a) Tax charged in the income statement

	2019 £m	2018 £m
Current taxation		
UK corporation tax charge on profits made in the year	-	1
Total current tax charge for the year	-	1
Deferred taxation		
Current year credit	-	-
Effect of decreased tax rate on opening balance	-	-
Total deferred tax charge for the year	-	-
Income tax charge reported in the income statement	-	1

(b) The tax on profit before tax for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%).

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

	2019 £m	2018 £m
Profit before taxation	2,850	443
Tax at the UK corporation tax rate of 19.00% (2018: 19.00%)	542	84
Effect of:		
Non-taxable dividends receivable	(542)	(158)
Non-deductible impairment	-	74
Other non-deductible expenses and non-taxable income	-	1
Tax charge reported in the income statement	-	1

11 Dividends

	2019 £m	2018 £m
Ordinary dividends on equity shares	3,350	-

Dividends per share for the year were £3.35m (2018: £nil).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Financial assets

	2019 £m	2018 £m
Available-for-sale financial assets		
Interest in insurance fund	11	10

Fair value of the available-for-sale financial assets is determined as the Company's percentage share of the net asset value of the insurance fund in Euros. This is converted to the Company's functional currency using the spot rate on the date of conversion. The fair value of the financial asset is retranslated at the spot rate at balance sheet date.

13 Investment in subsidiary undertakings

	£m
Cost	
At 1st January 2018	518
Write-off of subsidiaries	(391)
At 31 December 2018 and 31 December 2019	127
Carrying amount	
At 31 December 2018 and 31 December 2019	127

Details of the subsidiaries as at 31 December 2019, which are incorporated in the United Kingdom and are registered and operate in England and Wales (unless otherwise stated), are as follows:

Name of subsidiary	Principal activity	Proportion of ownership of ordinary shares and voting rights held	
		2019	2018
British Energy Generation (UK) Limited*	Holding company	100%	100%
British Energy International Holdings Limited	Holding company	100%	100%
British Energy Trustees Limited*	Dormant company	100%	100%
EDF Energy Nuclear Generation Limited (1)	Power generation	100%	100%
Lochside Insurance Limited (Guernsey) (2)*	Insurance company	100%	100%

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Investment in subsidiary undertakings (continued)

*indicates direct investment of British Energy Limited.

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

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

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

During 2019, British Energy Renewables Limited and British Energy Trading and Sales Limited were placed in voluntary liquidation and subsequently dissolved.

14 Trade and other receivables

	2019 £m	2018 £m
Amounts owed by Group Companies	<u>1,745</u>	<u>2,254</u>

Amounts owed by other Group companies are interest free, unsecured and repayable on demand. The carrying amount of trade and other receivables approximates to their fair value.

15 Other liabilities

	2019 £m	2018 £m
Amounts owed to other Group companies	<u>-</u>	<u>3</u>

Amounts owed by other Group companies were interest free, unsecured and repayable on demand. The carrying amount of other liabilities approximates to their fair value.

16 Share capital and reserves

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Ordinary Shares of £0.45 each	1,000	447	1,000	447
Special rights of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u>1,001</u>	<u>448</u>	<u>1,001</u>	<u>448</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Share capital and reserves (continued)

The special rights redeemable preference share is redeemable at par at any time after 30 September 2006 at the option of the Secretary of State, after consulting the Company. This share, which may only be held by and transferred to one or more of Her Majesty's Secretaries of State, another Minister of the Crown, the Solicitor for the affairs of Her Majesty's Treasury or any 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 the 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 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 interest of national security. The Articles of Association include full details of these restrictions.

Reserves

The share premium reserve relates to shares issued on restructuring in January 2005 for greater than their nominal value. The merger reserve reflects a capital contribution from the parent company to the Company following the restructuring in 2005. The capital redemption reserve was created following a return of value and purchase and cancellation of own shares by the Company in the year ended 31 March 2000.

17 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, Energy and Industrial Strategy and Nuclear Liabilities Fund Limited along with a number of EDF Energy Nuclear Generation Group Limited and its subsidiary companies in respect to their compliance with, among other agreements, the Nuclear Liabilities Funding Agreement.

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

18 Related party transactions

The Company has taken advantage of the exemption in FRS 101 Reduced Disclosure Framework from disclosing transactions with other wholly owned members of the group, which would otherwise be required for disclosure under IAS 24.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Parent undertaking and controlling party

British Energy Bond Finance Limited holds a 100% interest in the Company 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 the registered office at 90 Whitfield Street, London, England, W1T 4EZ.

At 31 December 2019, 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.

20 Post balance sheet events

Covid 19

Since the year-end significant economic and social disruption has arisen from the Covid 19 pandemic. EDF's priorities are the safety and wellbeing of our people and customers, maintaining access to energy and gas for our customers, keeping our power stations running safely, protecting Hinkley Point C and supporting the most directly exposed businesses, vulnerable people and supply chain. EDF is as well engaging with its suppliers to ensure that service levels can continue to be maintained throughout a prolonged pandemic.

The Company is managing the impact of Covid 19, utilising business continuity and resilience processes where appropriate.

The Group IT system has been leveraged in order to support the transition in a most efficient way, time and to protect our systems against cyber threats. The Company is following the guidance and discussing on a regular basis with the Government on the pandemic evolution and deployment of appropriate policies and actions.

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