BRITISH ENERGY plc

Company Number SC162273

DIRECTORS' REPORT AND ACCOUNTS





Directors' Report

for the year ended 31 March 2000

Financial Statements

The Directors present their annual report and the audited Group financial statements for the year ended 31 March 2000.

Principal Activities and Review of the Business

The Group's principal activities are the generation of electricity and sale of electricity and gas. The Review of the Year and Financial Review on pages 7 to 21 review the Group's business performance during the financial year and its future prospects, The Group also publishes a separate Health, Safety and Environment Report which is available from the Company's website at www.british-energy.com.

Share Capital

Details of shares allotted by the Company during the year and details of the return of value by the Company are included in note 27(b) on page 51. Details of British Energy shares purchased by employee share trusts, which are sponsored by the Company, are included in note 15 on page 43. On 8 December 1999 the Company listed its American Depository Receipts facility on the New York Stock Exchange.

Results and Dividends

The consolidated results for the Group are set out in the Group Profit and Loss Account on page 31. The Directors are recommending a final dividend of 2.3p, payable on 28 July 2000 to shareholders on the register on 26 May 2000, making a total dividend for the year of 8.0p per ordinary share. The retained profit for the year of £55m was transferred to reserves.

Substantial Shareholdings

As at 9 May 2000 the Company had been notified of the following interests in 3% or more of the issued ordinary share capital of the Company:

| Shareholding | |
|--|--|
| unanteal sui financialisti di di come a se come di com | 1001 |
| Name: | (P) |
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| Legal & General Investment Management Limited 19.0 | 3.1 |
| Legal & General Investment Management Limited | |

Research and Development

During the year the Group spent £19m on research and development (1999: £21m). This is primarily scientific and engineering research activity which is directed towards securing further improvements in the reliability, performance and safety of its generating business and related activities.

Directors

Information required under the provisions of the Companies Acts regarding the remuneration and share options of Directors, the interests of the Directors and their families in the share capital of the Company and Directors' service contracts is detailed in the Remuneration Report on pages 24 to 27. Details of current Directors are set out on page 6. Mr Low served on the Board from 15 July 1999 to 25 April 2000.

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 payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of these terms and to abide by the agreed terms. The Company had no trade creditors at 31 March 2000. At 31 March 2000 the Group had £222m of trade creditors. Suppliers were paid on an average of 35 days for the financial year (1999: 35 days). The supplier purchases exclude payments to BNFL, the Group's principal supplier, which are made against an agreed contract profile.

Charitable and Political Contributions

The Group made charitable donations of £119,000 (1999: £249,000). No political donations were made.

Employees

The Group is committed to involving employees in the business through a policy of communication and consultation. Arrangements have been established for the regular provision of information to all employees through briefings, staff conferences and well-established formal consultation procedures.

The Group is committed to its equal opportunities policies, which include the promotion of training and career development for all employees. Full and fair consideration for all vacancies and opportunities will be given to men and women, people with disabilities and those from ethnic minorities, regardless of marital status, age, religion or sexual orientation. The policy is supported by a Code of Practice on harassment, which recognises that all employees have the right to be treated with dignity and respect.

Auditors

A resolution proposing the re-appointment of PricewaterhouseCoopers as auditors will be put to the forthcoming Annual General Meeting.

Annual General Meeting

The Company's Annual General Meeting will be held at 11am on Thursday 13 July 2000 at The Balmoral Hotel, Edinburgh. A letter from the Chairman detailing the business to be considered at the meeting, together with a Notice of Meeting, accompanies this Annual Report.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and the Company, and of the results of the Group, for that period. A statement by the Directors on Corporate Governance matters is set out in a separate report on pages 22 and 23.

In preparing the financial statements, 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will
 continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Board of Directors on 9 May 2000 and signed on its behalf by:

Robert Armour

Company Secretary 9 May 2000

Report by the Auditors

to the members of British Energy plc

We have audited the financial statements on pages 31 to 53. We have also examined the information specified for our review by the Financial Services Authority which is included in the Remuneration Report on pages 24 to 27.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described on page 29, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 or the Listing Rules 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.

We review whether the statement on pages 22 and 23 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 March 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors Edinburgh 9 May 2000

Pricewater house Coopers.

Group Profit and Loss Account for the year ended 31 March 2000

| | Notes | 2000 Total £m | Exceptional Items (Note 1) | 2000 Business Performance Luc | 1999 Business Performance Em | Exceptional Items (Note 1). | 1999 Total £m |
|--|--|---------------------|----------------------------------|--|---------------------------------------|-----------------------------|----------------------|
| Turnover: Group and share of joint venture Less: Share of turnover in joint venture | | 2,092 (34) | - | 2,092 (34) | 2,067 | | 2,067 - |
| Turnover: continuing activities Operating costs | 3 4 | 2,058 (1,646) | _ (16) | 2;058 (1,630) | 2,067 (1,594) | - 8 | 2,067 (1,586) |
| Operating profit: continuing activities Share of operating profit of joint venture | | 412 9 | (16) - | 428 9 | 473 | . 8 - | 481 - |
| Total operating profit: Group and share of joint venture | terme i e e Sterne uz et e Sterne uz est | 421 | (16) | 437 | 473. | 8 | 481 |
| Financing (charges)/credits - revalorisation - interest payable and similar charges | † 7 | (189) (7) | - | (189) (7) | (174) (1) | 36 (66) | (138) (67) |
| Profit on ordinary activities before tax | ation | 225 | (16) | 241 | 298 | (22) | 276 |
| Taxation on profit on ordinary activities Share of taxation for joint venture | 8 | (70) (5) | 5 | (75) (6) | (97) _ | 7 | (90) _ |
| Profit for the financial year | | 150 | (11) | 161 | , +201 | (15) | 186 |
| Dividends - annual - non-equity 'A' share dividend (relating to return of value) - non-equity | 10 10 10 | (48) (45) (2) | | | | | (110) - - - |
| Retained profit for the year | 29 | 55 | | | | | 76 |
| Earnings per share (p) – basic | 11 | 23.2 | | 24.9 | 29.3 | | 27.1 |
| - diluted | 9 11 | 22.7 | | 24.4 | 28.2 | | 26.1 |
| Dividends per share (p) - annual - non-equity 'A' share dividend | .10 | 8.0 | | | | | 16.0 |
| (relating to return of value) non-equity | 10 10 | 60.0 2.4 | | | | | |

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

Notes 1 to 35 form part of these financial statements.

| | | | Graup | | Company | |
|--|---|----------------|--|------------------|--------------|--|
| | | Notes | 2000 £m | 1999 £m | 2000 £m | 1999 £m |
| Fixed assets | | | • | | | _ |
| Intangible assets | : .' | 12 | 192 | - | 55 | 1 |
| Tangible assets | | 14 | 5,224 | 4,743 | 50 | - |
| Investment in joint venture: | | 60% YEAR | | | i Linguis i | - |
| Share of gross assets | | | 222 | all a Delication | | |
| Share of gross liabilities | | (vá | (190) | | _ | _ |
| Shale of Broso manning | | 15 | 32 | 139 | 38 | 29 |
| Other investments | | 15 | 172 | 133 | | |
| 3 | | | 5,620 | 4,882 | 93 | 30 |
| · · · · · · · · · · · · · · · · · · · | | | | and the second | | |
| | | | te de la figura de | 000 | ٠ ـــ | 1 1 2 4 <u>-</u> |
| Current assets Decommissioning fund | | 16 | 360 | 323 | | |
| Stocks | | 17 | 587 | 558 214 | 3,404 | 3,170 |
| Debtors | | 18 | 447 | 214 582 | 37 | 582 |
| Investments - liquid funds | | 33 | 37 | 582 2 | | |
| Cash at bank and in hand | | | | 2 | | |
| Gasii at Sain, Site in the | | Tall and make | 1,431 | 1,679 | 3,441 | 3,752 |
| | | | -, | | | en e |
| Creditors: amounts fallin | g due within one year | 20 | (565) | | (335) | |
| - borrowings | and was the state of the state | 19 | (793) | (637) | (60) | (100) |
| – other | | . 10 | (1,358) | (637) | (385) | (100) |
| | | | | 4.040 | 3,056 | 3,652 |
| Net current assets | | | 73 | 1,042 | 3,000 | -, |
| • | | | 5,693 | 5.924 | 3,149 | 3,682 |
| Total assets less current | l ljabilities | | 3,053 | | | |
| the probability of the control of th | 化二氯甲基甲基甲基甲基甲甲基甲甲基甲甲基甲甲基甲甲基甲甲基甲甲基甲甲基甲甲基甲甲基甲 | | | | | |
| Creditors: amounts fallir | ng due after more | | | | | |
| than one year | | 20 | (408) | (408) | (408) | (408) |
| borrowings | | 19 | (1,981) | (2,059) | - | _ |
| - others | almondos | 22 | (1,991) | (1.773) | - | · · · · · · · · · |
| Provisions for liabilities | SUG CUSIRes | === | | 4 604 | 2,741 | 3,274 |
| Net assets | | | 1,313 | 1.684 | | |
| lege manara | 17.11 | | • | | | |
| | | Paragraph (| * | | | 18 B 18 B 18 B |
| | A second second | to at a second | 1.00 | | | 700 |
| Capital and reserves | | 27 | 277 | 720 | 277 | 720 |
| Called up equity share car | oltai | | 76 | 76 | 76 | 76 |
| Share premium | | 28 | 350 | | 350 | 0.479 |
| Capital redemption reserv | | 29 | 517 | 888 | 1,945 | 2,478 |
| Profit and loss account | | | | 1.684 | 2,648 | 3,274 |
| Equity Shareholders' fu | ınds | 30 | 1,220 | 1,004 | 93 | |
| Non-equity Shareholders | funds | 27 | 93 | | | |
| | | | 1,313 | 1,684 | 2,741 | 3,274 |
| Capital employed | | | , | | | |

The financial statements were approved by the Board of Directors on 9 May 2000 and signed on its behalf by:

Notes 1 to 35 form part of these financial statements.

Group Cash Flow Statement for the year ended 31 March 2000

| | Notes | 2000 £m | 1999 £m |
|---|-------|---------------------------|---------------------------------------|
| Net cash inflow from operating activities | 31 | 450 | 557 |
| Interest paid Interest received | | (25) 27 | (33) 32 |
| Returns on investments and servicing of finance | | 2 | (1) |
| Taxation paid | | (19) | (43) |
| Payments to acquire tangible fixed assets Payments to acquire financial investments Receipts from sales of financial investments Purchase of own shares for employee trusts | | (137) - 9 (63) | (78) (5) - (25) |
| Capital expenditure and financial investment | | (191) | (108) |
| Payment to acquire Eggborough Power Station (note 13(b)) Payment to acquire Swalec (note 13(a)) Investment in joint venture | | (636) (107) (32) | · · · · · · · · · · · · · · · · · · · |
| Acquisitions and disposals | | (775) | |
| Equity dividends paid | | (108) | (173) |
| Decrease/(increase) in term deposits | | 545 | (232) |
| Management of liquid resources | 33 | 545 | (232) |
| Purchase of own shares – share buy back Return of value Issue of new shares New loans, net of repayment of amounts borrowed | | (82) (389) - 565 | - - 1 |
| Financing | | 94 | 1 |
| (Decrease)/increase in cash | 33 | (2) | 1 |

for the year ended 31 March 2000

1. BASIS OF PREPARATION

To assist shareholders to compare the underlying financial performance of the Group, "business performance" profit and loss account figures are shown which exclude exceptional items.

2. ACCOUNTING POLICIES

(i) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The income recognised by the Group in respect of the long-term rate of return of the decommissioning fund is unrealised and its recognition is a departure from one of the accounting principles set out in Schedule 4 of the Companies Act 1985. An explanation of this departure is given in note 2 (xvi) below.

The preparation of accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual results can differ from those estimates.

(ii) Basis of consolidation

The Group financial statements consolidate the financial statements of British Energy and all its subsidiary undertakings.
Inter-company profits, transactions and balances are eliminated on consolidation.

(iii) Turnovei

Turnover represents amounts receivable for sales of electricity and gas including net income arising from Contracts for Differences, revenue from direct sales contracts and sales of other related goods and services, net of value added tax. The Directors consider there to be one class of business and, excluding sales by the US joint venture, one geographical market, that of the UK. Income from the sale of energy by Swalec represents the invoiced value of units supplied during the year together with an estimate of the value of unbilled units, based on estimated consumption since the last meter readings. The estimated unbilled units are included in prepayments and accrued income.

(iv) Fuel costs – nuclear front end

Advanced Gas Cooled Reactors ("AGR")

Front end fuel costs consist of the costs of procurement of uranium, conversion and enrichment services and fuel element fabrication. Fabrication costs comprise fixed and variable elements. The fixed element is charged to the profit and loss account as incurred and the variable element, other than for unburnt fuel at shutdown; is charged to the profit and loss account in proportion to the amount of fuel burnt.

Pressurised Water Reactor ("PWR")

All front end fuel costs are variable and, other than for unburnt fuel at shutdown, are charged to the profit and loss account in proportion to the amount of fuel burnt.

(v) Fuel costs - nuclear back end

AGR

Spent fuel extracted from the reactors is sent for reprocessing and/or long-term storage and eventual disposal of resulting waste products. Back end fuel costs comprise the estimated cost of this process at current prices discounted back to current value in respect of both the amount of irradiated fuel burnt during the year and an appropriate proportion of unburnt fuel which will remain in the reactors at the end of their lives. All back end fuel costs, other than for unburnt fuel at shutdown, are charged to the profit and loss account in proportion to the amount of fuel burnt.

PWR

Back end fuel costs are based on wet storage in station ponds followed by dry storage and subsequent direct disposal of fuel. Back end fuel costs comprise the estimated cost of this process at current prices discounted back to current value. All back end fuel costs, other than for unburnt fuel at shutdown, are charged to the profit and loss account in proportion to the amount of fuel burnt.

(vi) Unburnt fuel at shutdown

Due to the nature of the nuclear fuel process there will be some unburnt fuel in the reactors at station closure. The front end and back end costs of this fuel are charged to the profit and loss account over the estimated useful life of each nuclear station on a straight line basis.

(vii) Fuel costs - coal

Fuel costs for coal are determined on a weighted average cost basis.

(viii) Research and development

Research and development expenditure is charged to the profit and loss account as incurred.

2. ACCOUNTING POLICIES (continued)

(ix) Pensions costs

Contributions to the Group's defined benefit pension schemes are assessed by qualified actuaries and are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group. Differences between the amounts funded and the amounts charged to the profit and loss account are included in the balance sheet.

(x) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the balance sheet. All differences are taken to the profit and loss account. Exchange differences resulting from the translation of net investments in associated undertakings are dealt with in reserves.

(xi) Tangible fixed assets and depreciation, including decommissioning costs

Fixed assets comprise assets acquired or constructed by the Group. Expenditure of a capital nature incurred to improve operational performance or to improve safety in order to meet increased regulatory standards is also capitalised. Other expenditure, including that incurred on preliminary studies and on the initiation of new technologies not yet adopted, is charged to the profit and loss account as incurred.

Fixed assets (other than assets in the course of construction) are stated in the balance sheet at cost less accumulated depreciation. Accumulated depreciation includes additional charges made where necessary to reflect permanent impairment in value. Assets in the course of construction are stated at cost and not depreciated until brought into commission.

The charge for depreciation of fixed assets is based on the straight line method so as to write off the costs of assets, after taking into account exceptional provisions for diminution in value, over their estimated useful lives. Depreciation starts from the year following the year of expenditure except for power stations which are depreciated from the date of commissioning.

The asset lives adopted are subject to regular review and for the year ended 31 March 2000 were:

| | power | | | | | | | | | | | | | | 35 | | |
|--|--------|--|--|--|--|--|--|--|--|--|--|--|--|--|------|------|--|
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During the financial year the lives of two of the Group's AGR power stations were reviewed and extended to 35 years (note 4).

The estimated costs for decommissioning the Group's nuclear power stations are provided for when stations begin operating commercially, are capitalised as part of the cost of construction and are depreciated over the same lives as the stations. These estimated costs are discounted having regard to the timescale whereby work will take place over many years after station closure. The estimated costs include the demolition and site clearance of the stations' radioactive facilities and the management of waste.

(xii) Fixed asset investments

Investments in subsidiaries are stated at the nominal value of shares allotted. Fixed asset investments are stated at cost less amortisation or provisions for diminution in value.

Own shares purchased in respect of the employee share option and Sharesave option schemes are held at cost less charges to write down the shares to the option exercise prices over the vesting periods of the options.

(xiii) Stocks of fuel, stores and spares

Stocks of fuel, stores and spares are valued at the lower of cost and net realisable value. The nuclear fuel stock is reduced by the provision for unburnt fuel at shutdown (note 2 (vi)).

(xiv) Deferred taxation

Deferred taxation arises in respect of items where there is a timing difference between their treatment for accounting purposes and their treatment for taxation purposes. Provision for deferred taxation, using the liability method, is made to the extent that it is probable that the liability or asset will crystallise in the foreseeable future.

for the year ended 31 March 2000

2. ACCOUNTING POLICIES (continued)

(xv) Nuclear liabilities

In matching the costs of generating electricity against the income from sales, accruals are made in respect of the following:

(a) fuel costs - back end

The treatment of back end fuel costs in the profit and loss account has been dealt with in (v) and (vi) above. These accruals cover reprocessing and storage of spent nuclear fuel and the long-term storage, treatment and eventual disposal of nuclear waste. They are based, as appropriate, on contractual arrangements or the latest technical assessments of the processes and methods likely to be used to deal with these obligations under the current regulatory regime. Where accruals are based on contractual arrangements they are included within creditors. Other accruals are based on long-term cost forecasts which are reviewed regularly and adjusted where necessary, and are included within provisions.

(b) decommissioning of nuclear power stations

The financial statements include provision for the full cost of decommissioning the Group's nuclear power stations. Provision is made on the basis of the latest technical assessments of the processes and methods likely to be used for decommissioning under the current regulatory regime. The technical assessments are reviewed regularly and the estimates of decommissioning costs are updated accordingly.

The provision established at the commencement of a power station's operating life is capitalised as part of the costs of the station.

Accruals and provisions for back end fuel costs and decommissioning are stated in the balance sheet at current price levels, discounted at a long-term real rate of interest of 3% per annum to take account of the timing of payments. Each year the financing charges in the profit and loss account include the revalorisation of liabilities required to discharge one year's discount from provisions made in prior years and restate these provisions to current price levels.

(xvi) Decommissioning fund

The Group makes contributions into an independently administered fund to cover all costs of decommissioning nuclear power stations, except de-fuelling costs. The Group's annual contributions to the fund are assessed by qualified actuaries, taking into account the amount and timing of expected decommissioning costs and the periods until station closures. The value of the asset in the balance sheet represents the contributions made by the Group, together with an estimated actuarially determined long-term rate of return on the fund. The change in value arising from applying the estimated long-term rate of return is taken to the profit and loss account and disclosed as part of revalorisation.

The revalorisation of the decommissioning fund, which has been taken through the profit and loss account, is not a realised profit for the purposes of the Companies Act 1985 because the income is unrealised until the Group receives the related cash from the fund to reimburse decommissioning expenditure. The inclusion of this profit in the profit and loss account is a departure from the requirements of the Companies Act 1985. Revalorisation of the accrued decommissioning provision is charged to the profit and loss account each year and accordingly, in the opinion of the Directors, it is necessary to include the estimated annual long-term rate of return of the fund in the Group's profit and loss account in order for the financial statements to give a true and fair view.

The effect of the departure is to increase the reported profit for the year by £20m (1999; £17m) and net assets by £66m (1999; £46m).

(xvii) Liquid funds

Cash which is placed on term deposits which mature more than one day after the end of the financial year or invested in commercial paper is classified under current asset investments in the balance sheet and the movement in liquid funds is disclosed under management of liquid resources in the cash flow statement.

(xviii) Financial instruments and derivatives

Financial instruments and derivatives are used to hedge interest rate, foreign exchange and trading risks. Profits and losses on financial instruments and derivatives are reported in the profit and loss account in the period to which they relate.

Short-term debtors and creditors have been excluded from the disclosures made under FRS 13 "Derivatives and other financial instruments".

(xix) Goodwill

Goodwill arising on acquisition represents the excess of the fair value of the consideration at acquisition compared to the fair value of the identifiable net assets acquired. Goodwill is capitalised as an intangible asset on the balance sheet and amortised on a straight-line basis over its estimated useful life.

(xx) Joint ventures

The Group's share of the results of joint ventures is included in the consolidated financial statements based on the latest audited accounts of the joint ventures, except where the accounting reference date is not coterminous with the parent company, where management accounts are used.

219

2,067

2,058

The Group's turnover almost entirely arises in the United Kingdom. The turnover, operating profits and net assets of the Group's joint venture, Amergen, relate entirely to activities in the United States of America. Acquisitions have not had a material effect on the results for the year.

Electricity generation represents the sale of electricity generated through the England and Wales Electricity Pool and to Scottish Power pic and Scottish & Southern Energy pic. The amounts reflect sums receivable less payable under Contracts for Differences. Energy supply represents the sale of electricity and gas direct to domestic, commercial and industrial customers.

4. OPERATING COSTS

UK electricity generation Energy supply

Miscellaneous

| | 10.5 | | W (V) | | 20.00 | 305 | | | 7.2 | | ¥9.0 | | 100 | () | 1 | | | | BH. | | | | | 2.5 | 200 | 0 | | | 199 | 9 | | | | 25 | 973 | 10.3 | ^ - | 2 |
|------|--------|---------|--|------|-------|-------|----------------|--------|----------------|-----------------|------|-----|-----|------|------------------|-------|------|----|-----|------|-----|-------|---------|-------|-------|----------|---------|-----|---------------------|-----------|------|---------------------|---------------|--------------|---------------------------|------|-------|-----|
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| | iel | a Silyi | | 2 | 474 | | | 8.3 | | | Ś | 21 | | | Ų. | 346 | | | 5.8 | 7,10 | (7) | | | | 363 | | | 300 | 41 | Q | | 95% | (2 | าง | | 9 | 395 | |
| | | | | 30 | N. | | (4.3) (4.3) | | 3 | | 6.87 | | | | | | .970 | | | | 11 | 77.5 | 7. Č. | 100 | 200 | 7000 | | | | T. (1.); | | | ಿಸ್ಟ್ | 150 | | | 7.72 | 150 |
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| SI | taff c | osts | | | ĊŹ, | | | · i ć | | | | | | | 10 | 256 | • | 1 | | · 4 | 33 | | 52 | | 22: | 3 | 85 | Ų. | 22 | 7 | 8\$. | | 1 | 5 | | 11.5 | 242 | 110 |
| D | eprec | iatio | n an | d ai | nor | tisa | tior | 1 | \$ 15 | Ŋ. | | | | | ## T | 260 |) | 18 | | | • | | | | 260 |) | | | 27 | 8 | | | | | | | 278 | |
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| 4 8 | | | | Æ, | | | | | | | 000 | | | | 1, | 288 | 1 | | 246 | 994 | L6 | 103 | | 1, | 27: | 2 | Ġ. | 1 | .37 | 7 | | S.C | (| 8) | | 1, | 369 | |
| Eı | nergy | purc | hase | s f | or s | upp | y | | 3,70). 1273 | | | | | | 9 | 358 | 3 | | | | - | | | 5.2 | 35(| 3 | | (i) | 21 | 7 | | | | - :// | 210 | | 217 | Į. |
| 5187 | | W. 881. | y a | 000 | 120.3 | ٠.;; | | 918 | J. 41 | 200 | 200 | tu: | | 1101 | Sarriy Sarriy | 1,045 | 9.9 | | | 100 | | . 323 | 333 | :,0:: | () à, | 8.5 | er er f | ð. | 1885-247 24. (e) | | | nytropie Na Line | oleren Til | | 20 17 18 1 21 12 2 2 3 | 0.00 | | 100 |
| i. | | | | | | | | | - 60 X 4 | | | | | | 1, | 646 | • | | | . 1 | L6 | | 3 | 1, | 63(|) | | 1 | .59 | 4 | | iki wi | (| 8) | | 1, | 586 | |

On 11 May 1999 the Board decided to extend the accounting lives of Heysham 2 and Torness power stations by five years with effect from 1 April 1999. The accounting lives of these stations have therefore increased from 30 years to 35 years, changing the assumed closure dates for accounting purposes from 2018 to 2023. As a result of the life extensions there were one-off exceptional credits of £17m to fuel. In accordance with FRS 12 the one-off reductions in decommissioning liabilities were credited directly against the decommissioning assets within the power station assets, rather than credited to the profit and loss account (note 14).

During 1998-99 the accounting lives of Hinkley Point B and Hunterston B power stations were increased by five years from 30 years to 35 years. As a result of these life extensions there were one-off exceptional credits of £23m to fuel and £36m to revalorisation (note 7).

for the year ended 31 March 2000

4. OPERATING COSTS (continued)

The exceptional staff costs of £33m comprise restructuring costs of £22m in respect of an overhead reduction initiative announced in November 1999 and £11m of costs in respect of shares issued in 1997-98 to the British Energy Qualifying Employee Share Trust ("the QUEST") which is sponsored by the Company. Contributions and loans from the Group have been used by the QUEST to fund subscription for shares in the Company, at the then market price of £4.83 (note 15). The QUEST has entered into arrangements to meet the options granted to employees under the British Energy plc Sharesave Scheme at prices of £1.60 and £1.95, exercisable in the years 1999-2000 to 2002-03 (note 27). The difference between the Sharesave Scheme option prices and the subscription price paid by the QUEST is being charged to the profit and loss account over the minimum lives of the options as follows.

| | | . Em |
|--|-------------------|-------------|
| | | |
| 1997-98 | | 25 |
| 1998-99 | | 15 |
| 1999-00 | | 11 |
| 2000-01 | | 8. |
| 2001-02 | NSCORE HESSE | 3. |
| 2002-03 | | 400000 |
| | | Costo Costo |
| | in completely | 62 |
| | | on King Co |
| | 2000 | 1999 |
| | Cm CC | £m |
| . 1914 - Alexandria projektor de distriction de la compania de la compania de la compania de la compania de la La compania de la co | | |
| Operating costs are stated after charging: | | |
| Research and development | 19 | 21 |
| "Year 2000" costs | 6 | 10 |
| | The Control Water | 114 (2000) |
| | | |
| Total "Year 2000" costs were £20m: | | |
| | STANKA PROC | |
| | £'000 | £'000 |
| Auditors' remuneration | | |
| | 235 | 180 |
| - statutory audit (Company: £35,000; 1999; £35,000) | | |
| - other services | 1,377 | 1,574 |

It is the Group's policy to engage PricewaterhouseCoopers on assignments where their expertise and experience with the Group are important, or where they win work on a competitive basis. The non-audit work principally related to tax services, potential investments and audit related services including the listing of the Company's ADRs on the New York Stock Exchange.

5. EMPLOYEE INFORMATION (a) Staff costs

| | | | | | Sm £m |
|-----|---|-------------------------------------|--|-----------------------|----------------|
| | Salaries | | | | 193 197 |
| Š | Social security costs | eray verrit Look (1486). Vitario | 18.00 y 200 (5) ye. | | 18 17 |
| | Pension costs (note 26) | | 18 N. S. S. S. S. | | 11 21 10 2 |
| 200 | Amortisation of share option Amounts capitalised | n costs (note 15 | | | (9) (10) |
| | Business performance staff | costs | e and the second state. Probably and the second | 16 2 24 S 2 S 3 | 223 227 |
| | Exceptional item (note 4) | | | 5 5 5 5 6 6 6 6 6 7 7 | 33 15 |
| | Total staff costs | | | | 256 242 |

| 5. EMPLOYEE INFORMATION (continued) | | |
|--|-------------------------|----------------|
| (b) Employee numbers | 2000 Number | 1999 Number |
| Average number of employees during the year | 5,247 | 5,389 |
| Average number of full time equivalent employees by category during the year were: | Number | Number |
| Power stations | 3,830 | 3.957 |
| Engineering, technical and corporate support | 1,326 | 1,396 |
| Retall markets North America | 34 32 | - 10 |
| | 5,222 | 5,363 |
| 6, SUMMARY OF DIRECTORS' EMOLUMENTS | | |
| | 2000 £'000 | 1999 £'000 |
| Total emoluments, including pension contributions | | |
| As Directors For management services: | 335 | 363 |
| - salaries and other benefits | 851 | 827 189 |
| - performance related bonuses - pension contributions | 129 66 | 71 |
| | 1,381 | 1,450 |
| - compensation for loss of office | | 253 |
| | 1,381 | 1,703 |
| Full details of the remuneration and share interests of the Directors are set out in the Remun | eration Report on pages | 24 to 27. |
| 7. FINANCING CHARGES/(CREDITS) | | |
| | 2000 Em | 1999 £m |
| Revalorisation of nuclear liabilities (note 23): | | |
| - changes in price levels - discharge of one year's discount. | 99 110 | 79 112 |
| -dischage vi. Vie years uiscourt | 209 | 191 |
| Revalorisation of decommissioning fund (note 16) | (20) | (17) |
| Revalorisation charge before exceptional items . Exceptional item (see below) | 189 | 174 (36) |
| Revalorisation charge | 189 | 138 |
| Interest: | | |
| Interest on amounts repayable within five years | 8 | 11 |
| Interest on loans repayable in five years or more Accrual for change in bond principal | 18 _ | 22 1 |
| Interest receivable | (19) | (33) |
| Net interest payable before exceptional items | 7 | 1 |
| Exceptional item (see below) | | 66 |
| Interest payable and similar charges | | 67 |

The exceptional revalorisation credit of £36m in 1999 resulted from the extension of the accounting lives at Hinkley Point B and Hunterston B power stations. An exceptional interest charge of £66m in 1999 resulted from the repayment and reissue of the long-term bonds.

| | A | Market Control of the State of the Control of the State o | 建长 网络拉门 医基皮性 医丛 | ring by Marian against | the state of the s | 2000 1999 |
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| and the contract the end during a figure | | 40 - 40 - 1 D - 1 - 1 - 1 - 1 | | r vernagal, a lital variani i i i i i tali li d | | ANT ART. |
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| Exceptional deferred tax | credit | rnay filmu, dre vinde with a l | Printer in the Printer College | Nata di etal lata da la di Afrika di | 5 1.34 1.1. S. R. A. C. C. C. C. C. C. | (8) (7) |
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9. PROFIT OF THE COMPANY

The profit of the Group includes a loss of £12m (1999: profit of £2,055m) attributable to the Company. Following a reorganisation of the Group's legal structure the profit and loss account reserve of the Company includes an amount of £1,145m (1999: £1,772m) which is currently not distributable. As permitted under Section 230 of the Companies Act 1985 the Company has not published a separate profit and loss account.

10. DIVIDENDS

| Š | 132.00000 | | 7 | | (Hisu | | 1966 | (a):05 | 1000 | | | k 43 | 10.5 | 83.00 | 200 | Jane | 5.02 | | 2000 | 14. | 10.00 | | 1999 | 1 55.73 | 100 | 20 | 000 | 1130 | A | 19 | 99 |
|-----|-----------|----------------------------------|---------|------------------------|--------|-------|---------|--------------------|-----------------|------|-------------------|------------------|-----------------|--------------------|-----------------|------|-------------------------|---------------|----------------------|----------|----------------|--------------------|-------|---------|---------|-------|----------|------------------|------|--------|---------------------|
| | | arci (g. 181) | 100 | | | | | | | | | | × | | | | P | per | shar | 1 | P | per | share | | 9 7 4 6 | ٠. | ٤m | | 7 | .61. | £m: |
| | 40.20.20 |) (1) (4) (4) (4) | 0.00000 | | S. 201 | | 300 | | già: | | | | | (() | 627.5 | | | 345 | | 31 | | (K.) | ij4 | | 0.100 | Sed a | | | 33 | 2 | šŽ |
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| | Final pro | posea | | | ×** | | | | KO., | | | 110 pm 1 35 2 | 33 | | 3.45 | | 71.3 | | . 4 4. | | | | ٠.، | | | | 73 | | | | |
| | Total and | nual | | | | | | | | | | | | | | | | | 8.0 | | 200 | | 6.0 | | | | 48 | | o: : | 1: | lo. |
| | | 10% (34) | | e joya na a nodanaa | | | in esse | gistida Surbola | 8 (C.1) 2007 | | rdikses Masses | | 1,945 16 H.C | 200 (4) 200 (4) | ind a a Nort | | 64 () Y 6 () 1 () | Merc Herri | 28, 19 00 (4) (1) | | 71878 71878 | (11 12 4701 J. | | | 777 | | | . 1000 . 1500 | | ang. 1 | 517 (05) 801 604 |
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The British Energy Employee Share Trust and the QUEST have elected to waive their entitlement to receive dividends for the year.

11. EARNINGS PER SHARE

The basic total earnings per share and basic business performance earnings per share for the year have been calculated on the basis of the profit on ordinary activities after taxation and non-equity dividends of £148m (1999: £186m) for the total figures and £159m (1999: £201m) for the business performance figures; and by reference to a weighted average of 639 million ordinary shares (1999: 687 million ordinary shares). The 'A' share dividends relate to the return of value and because of their capital nature have not been deducted from earnings in calculating earnings per share.

For the purposes of calculating diluted earnings per share; the shares held by the British Energy Employee Share Trust and the QUEST (note 15) have been included from the date from which the options were granted, taking into account the option price. The weighted average of ordinary shares used for calculating the diluted total earnings per share and diluted business performance earnings per share is 651 million (1999: 712 million). The increase of 12 million shares (1999: 25 million shares) from the basic weighted average number of shares is due to the dilutive effect of outstanding employee share options.

A reconciliation of total earnings per share to business performance earnings per share (which exclude exceptional items) is set out below.

| 2000 | 1999 |
|--|--|
| Profit attributable Diluted attrib | Profit utable Diluted |
| to ordinary Earnings earnings to or | dinary Earnings earnings |
| shareholders per share per share Shareholders per share p/share | olders per share per share £m p/share p/share |
| Total 148 23,2 22.7 | 186 27.1 26.1 |
| Adjusted for exceptional items | |
| (notes 4 and 7) | |
| - operating costs 16 2.5 2.5 | (8) (1.2) (1.1) |
| - revalorisation | (36) (5.3) (5.1) 66 9.7 9.3 |
| Taxation on exceptional items (5) (0.8) (0.8) | (7) (1.0) (1.0) |
| 사람들에 가장 마음을 가장 되었다. 그 사람들이 되었다. 그 사람들이 되었다. 그 생각 생각 사람들이 가장 보고 있는데 하는데 보고 있다. 그 사람들이 되었다. 그 사람들이 되었다. 나는 사람들이 그렇게 하다 하다 하다 하는데 하는데 하는데 하는데 하는데 하는데 하는데 하는데 보고 있는데 하는데 하는데 하는데 하는데 하는데 하는데 하는데 하는데 하는데 하 | 어땠다. 아이는 젖고, 이 길까 |
| Business performance 159 24.9 24.4 | 201 29.3 28.2 |

12. INTANGIBLE FIXED ASSETS

| eroup | | | Goodwill acquisition subsidis undertakin | of acquisition ary of shares gs in associate | Total goodwin |
|---|--|--|---|--|------------------|
| Cost As at 1 April 1999 | | | | Em Em | |
| Additions As at 31 March 2000 | | | 18 1 | 39 4 39 4 | 193 193 |
| Amortisation As at 1 April 1999 Charge for the year | | | enga sayan Sara sayan | | (1) |
| As at 31 March 2000 Net book value | | | | (1) - | (1) |
| As at 31 March 2000 As at 31 March 1999 | | 2 6 5 2 2 3 3 3 4 3 4 3 4 4 4 4 4 4 4 4 4 4 4 | | 98 4 | 192 |

During 1999-2000 the Company acquired 26% of the share capital of Home Directory Limited for cash consideration of £4m. The acquisition resulted in goodwill of £4m, which is being written off over five years. The goodwill relating to the acquisition of Swalec (£189m) is being written off over 20 years.

13. ACQUISITIONS

(a) On 17 February 2000 British Energy Retail Markets Limited, a wholly owned subsidiary of British Energy plc, acquired the electricity supply business and assets of South Wales Electricity plc and the entire issued share capital of Swalec Gas Limited (together "Swalec").

The total consideration comprised £107m of cash. The book value of Swalec at the date of acquisition was as follows:

| | B. 1887 110 | 9480.8XV | \$100 X | | ja kiji: | S. 344 | 9588 | | | $\chi U D$ | | 932 No. | S | Ú,Ñ | 40,3 | | | i yik | Bool | (Val | io at | \$ 0.00 | Fair | Volue | K OR | ir Val | ue at | |
|-----|--------------|----------------|---------|-----------|----------------------|--------|------|---------|---------|------------|---------|---------|--|--------------|-----------------|-------|---------|--------|---------|-------|--------|---------|---------|-------------------|-------|-------------------------|-------------|-----|
| | | | tin. | | 8 E.J | | | 1.12.11 | | | | | | | 1.48 | | SW. | | 17 | Feb | 2000 | | Adjus | | 100 | Legal | sition | Ğ, |
| | | | | | 199 | | 10 | | | | 1 | | | | 11.72 | | | 23. | | | £m | Ord. | | £m | | 3 350 | . £ | Çģ. |
| Ç | Maria J. | | | | S. 3 | | | | . 100 m | | day. | 3 | 100 (100 (100 (100 (100 (100 (100 (100 | , ky | | น์อัก | òw | 366. | 10:23 | Mai | | 50 | 139 | | | | | |
| ì | Tangible | assets | | | | W.L. | ψĂ. | aleger. | | | | 123 | | | 9.8 | | | × . 6. | | | 10 | ¥. | | 1.60 | | | 1.0 | 200 |
| ij | Debtors | | | | | y vi | | | | 66 | | | | <u>, ili</u> | 30.0 | | | | | | 172 | 100 | 14.11 | | 1000 | : N : | 172 | · |
| ĺ | Creditors | | | | idely. A Salahiri | | | | 3.2 | | | | | | | | ŝą. | 100 | | | 157 |) | | di U | | 100 | (157) | |
| | Provision | and the second | ororis | -000 | toert | (net | of d | eferr | ed ta | y a | eet) | | erer . | 990. | 902000 97000 | 1000 | | N.S. | | | | | 1000-0 | 107 | 1 | | (107) |) |
| | LIONISIO | | Cious | 200 | GUL | HICK | | 5. F | | 7. J | 2.1845 | | | 16. | | 32 | | | | | | Name | 10 52 T | | | 150 - 1488 - 150 510 | en som en s | |
| | Net asse | te aco | iired | 1,345E. | | | | | | 47.5 | garring | | 4,500 | uit | | | 900 | 18.19 | | | 25 | | 73 | (107 |) | | (82) | J |
| | 804 M. S. S. | 894 - SW | u11 G G | | 0.6 | | | | | | | . NO. | | 2.85 | | | | | | | | M. | | Travita Talina | | 30.30 | 189 | ુ |
| | Goodwill | | | 100 | | | 914 | (C) | 2 | ŠØ. | 18.8 | 0.75 | | | 7570 | rg i | | 15.7 | | | | | How ! | | w Sie | | (A.S. 1) | |
| ij | giago pag | . Newstra | N. K | (X, i.e.) | | 1003 | 1122 | | 0.857 | | MŽŽ. | ngh. | 808608 | | 089 | i (m | | | 733 | | 9,48 | of de | | | | | 107 | |
| e j | Consider | ation - | satis | med. | Dy Ca | ISN . | | | 3485 | (Chaire) | wai | 100 B | Opinion | | A 3466 | 19116 | × 51 15 | 40.0 | . O. P. | 1.65 | \$3,60 | | | | | 3840 | | |

The provisional fair value adjustment relates to an existing contract to purchase electricity at prices which are expected to significantly exceed the future market price. The provision will be finalised in the 2000-01 accounts following a detailed review of the contract and related electricity price forecasts.

for the year ended 31 March 2000

13. ACQUISITIONS (continued)

(b) On 3 March 2000 Eggborough Power (Holdings) Limited, a wholly owned subsidiary of British Energy plc, acquired the entire share capital of Boron Limited (which held the business and assets of Eggborough Power Station) from National Power plc. The total consideration comprised £646m of cash, £10m of which is deferred. The book value of Boron Limited at the date of acquisition was as follows:

| ֡ | toc eb rec | Stock Debtors Creditor | itock Debtors Greditors | itock Debtors Creditors | Debtors Creditors | itock Jebtors | otock Debtors Creditors | itock Debtors Greditors | itock Debtors Greditors | Stock Debtors Greditors | Stock Debtors Greditors | stock Debtors Greditors | Stock Debtors Greditors | itock Debtors Greditors | Stock Debtors Greditors | angible assets stock Jebtors creditors | angible assets stock Jebtors creditors | angible assets tock Jebtors reditors 2 March 200 En 5 5 5 7 7 7 7 7 7 7 8 8 8 9 7 7 8 8 8 8 8 8 8 9 8 8 8 8 8 | Stock 33 Debtors 16 Greditors (23) | angible assets angible assets book bettors creditors angible assets (23) | angible assets 55 stock 33 bettors 16 creditors 32 (23) | angible assets 55 565 565 550ck 33 - Debtors 16 - Creditors (23) - | Adjustment 2000 Adjustment fm | angible assets 55 565 block 33 - belors 16 - creditors (23) - | 3 March 2000 Adjustment Acquaett fm | Adjustment |
|---|------------------|------------------------------|-------------------------------|-------------------------------|----------------------|------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|--|--|---|------------------------------------|--|---|--|-------------------------------|--|-------------------------------------|------------|

The fair value adjustment relates to the revaluation of Eggborough Power Station at the date of acquisition. The power station will be depreciated over its expected remaining useful life of 20 years. No goodwill arose on the acquisition.

(c) During the year British Energy's 50/50 joint venture with PECO Energy, Amergen, acquired Three Mile Island 1 and Clinton power stations in the USA. British Energy's share of the total consideration for these acquisitions was £4m. No goodwill arose on these acquisitions. The aggregate Group share of net assets in Amergen at the date of the acquisition was as follows:

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| | Tangible assets | | | | 5845577 (1.54) | Markinin S. | | H-1201784-41-121-1 | | | | 200 |
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| | 70,000,000 | | | #845845F4374F44 | 2016 (1907) | | N. 1948, 47 (4,411, 47) | Section 19 miles | 11. Salatan (C.11.) 499 | 04 and 34499 | ativi interest by site | 3.723 |

14. TANGIBLE FIXED ASSETS

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| | Power stations £m | Other land and buildings £m | Other plant and equipment £m | Total £m |
|---|-------------------------|--------------------------------------|------------------------------|--------------------|
| Cost As at 1 April 1999 | 9,810 | 47 | 250 | 10,107 |
| Additions: On acquisition of subsidiaries Others | 620 90 | - - | 10 47 | 630 137 |
| Reclassifications As at 31 March 2000 | (10) 10,510 | - 4 7 | 10 317 | 10,874 |
| Depreciation | | 2 4 5 6 1 (c) E S | | |
| As at 1 April 1999 Life extension adjustment (below) | 5,173 27 | 23 - 1 | 168 - 17 | 5,364 27 259 |
| Charge for the year As at 31 March 2000 | 241 5,441 | 24 | 185 | 5,650 |
| Net book value | | 23 | 132 | 5,224 |
| As at 31 March 2000 As at 31 March 1999 | 5,069 4,637 | 24 | 82 | 4,743 |

Following the accounting life extensions at Heysham 2 and Tomess power stations (note 4), an adjustment of £27m has been made to depreciation at 1 April 1999 to reflect the change in carrying value of these stations' decommissioning assets.

14. TANGIBLE FIXED ASSETS (continued)

The net book value of tangible fixed assets includes the following amounts in respect of freehold land and buildings:

| | | | | 2000 £m | 1999 £m |
|--|---------------|-------------------|-----------------------------------|------------------------------------|----------------------------|
| Cost Net book value | | | | 2,223 1,206 | 2,223 1,249 |
| Company | | | Other land and buildings £m | Other plant and equipment £m | Total £m |
| Cost As at 1 April 1999 Transfers from other group companies Additions | | an i | 1 | 123 19 | 1 123 19 |
| As at 31: March 2000 | | | 1 | 142 | 143 |
| Depreciation As at 1 April 1999 Transfers from other group companies Charge for the year | | | - - - | - 74 14 | - 74 14 |
| As at 31 March 2000 | | | | 88 | 88 |
| Net book value As at 31 March 2000 | | | 1 | 54 | 55 |
| As at 31 March 1999 | | | 1 | 9. | 1 |
| 15, FIXED ASSET INVESTMENTS Group | Joint Venture | Loans to Nirex | Own Sheres Em | Other Investments £m | Total £m |
| Cost As at 1 April 1999 Additions Repayments Disposals Share of retained profits | | 42 (6) | 149 86 - (23) | 333 - (5) (4) | 224 109 (11) (27) |
| As at 31 March 2000 | 32 | 36 | 212 | 24 | 304 |
| Provision for diminution in value As at 1 April 1999 Charge/(credit) for the year: - operating costs - exceptional items | | 42 (6) | 43 10 11 | - - - | 85 4 11 |
| As at 31 March 2000 | | 36 | 64 | • | 100 |
| Net book value As at 31 March 2000 As at 31 March 1999 | 32 | | 148 106 | 24 33 | 204 139 |

Loans have been made to United Kingdom Nirex Limited to fund development expenditure for building an intermediate level nuclear waste repository. These loans have been fully provided for in the Group's financial statements. During the year £6m of the outstanding loans were repaid.

During 1999-2000 9,058,606 Ordinary Shares were purchased by British Energy Employee Share Trust at an average cost of £5.78 for a total consideration of £52m and 219,114 shares were allotted to employees at an average price of £3.38 per share for a total consideration of £1m. At 31 March 2000, 22,637,047 Ordinary Shares were held by British Energy Employee Share Trust with a total cost of £106m. These shares are held at cost less charges to write down the shares to the exercise price of the share options over the minimum life of the options.

for the year ended 31 March 2000

15. FIXED ASSET INVESTMENTS (continued)

The QUEST holds 17,448,639 Ordinary Shares at cost of £106m less charges to write down the shares to the exercise price over the minimum life of the options. The shares were issued in 1997-98 at £4.83 each by the Company and purchased by the QUEST at that price for a total consideration of £94m. During 1999-2000 6,124,807 Ordinary Shares were allotted to employees for an average price of £1.60 per share for a total consideration of £10m. The QUEST purchased 4,250,000 Ordinary Shares at an average cost of £5.03 for a total consideration of £21m.

In addition, during the year the employee trusts received £13m of cash under the return of value, which has been reinvested in shares in the Company.

The market value of the shares held by the employee trusts at 31 March 2000 was £78m (1999: £174m) compared with the net book value of £148m (1999: £106m).

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There are no provisions for diminution in value of any of the Company's fixed asset investments.

Details of British Energy's principal subsidiary undertakings and other holdings of more than 10% are as follows:

| Subsidiary undertakings | Country of registration and operation | Class of share | Group shareholding % | Company shareholding % | Principal activity |
|--|---------------------------------------|-------------------|----------------------------|------------------------------|---------------------------------------|
| Subsidiary undertakings | | | | | |
| British Energy Generation (UK) Limited | UK | Ordinary | 100 | 100 | Generation and sale of electricity |
| British Energy Generation Limited | ÚK | Ordinary | 100 | | Generation and sale of electricity |
| British Energy Retail Markets Limited | UK | Ordinary | 100 | 100 | Sale of electricity and gas |
| Swalec Gas Limited | UK | Ordinary | 100 | | Sale of gas |
| Eggborough Power Limited | UK | Ordinary | 100 | | Generation and sale of electricity |
| Lochside Insurance Limited | Guernsey | Ordinary | 100 | 100 | Insurance |
| British Energy Inc | US | Ordinary | 100 | | Holding Company |
| Other holdings of more than 10% | | | | | |
| Amergen Energy LLC | US | Ordinary | 50 | | Generation and sale of electricity |
| Home Directory Limited | UK | Ordinary | 26 | 26 | Internet property search company |
| Humber Power Limited | UK | Ordinary | 12.5 | 12.5 | Generation and sale of electricity |
| United Kingdom Nirex Limited | UK | Ordinary | 10.8 | | Disposal of nuclear waste |

Included in the Group accounts are the assets of British Energy Employee Share Trust and the assets of British Energy Qualifying Employee Share Trust, which are trusts set up to hold shares purchased on behalf of the Group's employees under the Employee Share Scheme and the British Energy Sharesave Scheme respectively.

The accounting reference date of AmerGen Energy LLC is 31 December.

16. DECOMMISSIONING FUND

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The decommissioning fund asset in the balance sheet represents the contributions made by the Group, together with an estimated actuarially determined long-term post-tax real rate of return on the fund of 3.5% per annum. The change in value arising from applying the estimated long-term rate of return is taken to the profit and loss account as a revalorisation credit. The decommissioning fund asset is receivable after more than one year. The market value of the fund's investments at 31 March 2000 was £426m (1999: £363m).

17. STOCKS

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| Other creditors: amounts raining | g due arter more | nian one year | and the state of t | | | Novembra (1986) |
| Nuclear liabilities (note 23) | SKI MARISELVE (GASS ST | enelouis e e e | NAME BERNSTEIN LIST OF SE | 1.981 2 | .059 | 무지장 실험을 다 뭐 |
| | | | | | | |

20. BORROWINGS

The Group's horrowings at 31 March 2000 were as follows:

| | 3110 | i Git | ur s | COL | CAAH | ug o c | 3L U | T. 141 | | | \sim | *** | | 20.15 | 71107 | ,,,, | | | | | | | . 1. | ' . | | | | | ٠, | | | 4.4 | 4.2 | | |
|------|---------|---------|-----------|-----------|--------------|----------|--------|-----------|----------|---------|------------|-----------|-----------|--|----------|---------|-------|-----------|---|-------------|-----------|-----------|-------|---|-------------------|----------|--------|-----------------|----------|-----------|----------|----------|------------|-----------|------------|
| . : | | 6 m | 3 5 4 4 5 | 1 3,41 | | :Taker | in the | : : : : ` | | -450 | e i i i es | in Ai | 5 | Section | 15 (5) | : 1. 1 | | A | | 11 | | | | Gro | uo - | | | | | 2 | Cor | NDan | v . | | 1.00 |
| | | 95. 7.3 | | | , . (S. L.) | A | 3.75 | | 10.00 | 11 / E | 953.00 | 4 1 | 1000 | | 36.5 | 10.0 | | ne en | an e | i, | | | | | | | 100 | 3.7% | 90 L | 99. P | | | | | |
| | . : *** | 10.00 | Section 2 | 100 | 100 | 1112 | 80 d | | 1111 | | 1.1 | | 1.00 | | 9. 1 | . 194 | 2.5 | 5.10 | | | | | | | | | | | | · | | | | illore in | 200 |
| - 21 | | | | 5 1 1 12 | 11,53.1 | | 01.43 | 12.000 | C. II. | 1,100% | 32.1 | 1,419 | ***** | YY .5: | 40 A | AX. 1 | 100 | 20 | | | | | 200 | · • | | 200 | 1999 | | 4. n. n. | , | 2000 | 5 | 12 | 100 | 99 |
| ١ | 194 | 90 | 100 | | -X-275 | 2.30 | | 5 15 (1) | 2017 | 21/21 | 200 | -97 | 2.5x 3 | 100.00 | | | | Jane, | | 100 | : | 100 | 400 | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | | | 1333 | · | | | | é di s | 2 T G | - , | ; |
| 13 | 1000 | 54.20 | i d 5.5 | 11 1.1 | 11111 | | | 2000 | 12010 | 1451.6 | G 1040. | , i i z s | to a Siri | 190,150 | Ф.::::: | 5.50 | ** | 136 | 21.57 | in engl | | | € | 111 | / | 100 | £n | n | | | £m | 2016 | 11.0 | . £ | m |
| | 1.40 | 81.5 | 5000 | | 6401 | | | 54 E | | 2013 | A | 9 I II | 130X. | | · . S | | 19.3 | 51.66 | 2007 | | | ÷. | = | · . | 27.5 | 4.0 | | 8 to 1 | 100 | 6.3% | | 4,50 | | | 74,73 |
| | 800 | 1.100 | a being | | 0.00 | 2000 | 50.00 | | 47.00 | 1111111 | 7.00 | :" | 90 Y 1 | . D. 17 | 1. 2011 | | | (<u></u> | 2.7 | | | | | 1,19 | A | | | ; ;, , | j 1 | 17.4 | :". | 22.7 | 1000 | . i. | |
| • | 70.40 | 27 | 200 | 4.5 | 10.77 | 1000 | | 38.50 | iri, ir | - 100 | 3150 | 10.00 | 1.70 | | | | 100 | . 434 | Silver | | 200 | | | | | 35.77 | w 11 1 | | 11.50 | | | | in 90 | 181.4 | 100 |
| 11 | Shr | art t | arm . | - ste | rlino | 2000 | | ng narati | jerin je | Q2000 | 1839 | 59(3) | 91173 | 800 | 1 | 2009 | 39.30 | المراثق | | 500 | 60 J. F. | 1 4 1 | 55 | 9 | W. J. | 5. 5.5 | | - . (**) | ひとり | (i), 'y i | 329 | | 23.5 | | |
| | ~ | | WEILE. | | | | A | | | | 9.30 | 100 | 1.00 | | | | | | | | | 11.1 | | | | 1170 | 7. 1 | | | | 7. F. C. | 4., 4 | 1211 | 1.2 | - 100 |
| ::; | CL. | | | - US | الماء | | Santai | TAKE. | 1300 | 4984377 | 2.77 | 11 120 | | : :::::::::::::::::::::::::::::::::::: | | 2000 | | min. | 1000 | Charle | 400 | 90.00 | 81.00 | • | Moral P | 97000 | 700 | | 150.00 | grave. | R | 1.1111 | 50° 50. 25 | .i.i. 9 | |
| ::; | OFIC | JI UU | 211115 | - və | COII | al . | 3.526 | | | 24 00 | 100000 | 1 | 00 S | S 7 | 0.00 | 1000 | O- 0 | 1387 | 40.33 | BO. | | | | • | W 10 | وكواوات | 34-547 | 7 Y. S | | | | 0.00 | 1137 A | المراكبون | 94.5 |
| ::; | 200 | | | 100 | | 981136 | 1000 | 1100 | - 302 | | CY.C. | 4.40 | .500 | * | ::301 | -3000 | 110 | 300 | 2000 | 1,500 | | | 40 | • | wa i | | 408 | | 6-Si | | 408 | | | 40 | 10 |
| | Bor | าตระ | 'St | erling | 2000 | 2010.001 | 2.7.7 | 3/200 | 100 | 400,000 | 55.50 | 7,300 | 7.44 | | W. 199 | 303 (C) | . 400 | 100 | | | oviec. | | 44 | • | 0.00 | 13, 14, | 400 |) | 1. 100 | S | *V0 | 0.520 | | - 40 | <i>,</i> 0 |
| × | T-0 | ಾಣ | 7.7 | | 1.50 | S., 335. | X. (1) | 30000 | | :000000 | et 1000 | 28.33 | 200,112 | 0.00 | | 900 | W | . 114 | i de la | 1000 | 1000 | < 35 S.M. | | 5. 59.5 | indirio. | 300 cm | windi. | | 200.00 | 37/11/1 | 30000 | 7000 | 0.000 | 31119090 | ж. т, |
| ٠. | | | | Section. | | | | 2223 | 200 | - 12 in | | | | ir in | www. | SANA" | dec. | | | بالتكافي | 6 1 3 4 3 | 1200 | 5.75 | : 200 | Y 200 | 500 E | 100 00 | \$1.30 | 20,400 | Sec. 3 | ja kara | - 190 | 1 61 35 | 4.00 | 25.35 |
| 40 | 040.05 | (A) | | 400 L.C | 381 (7) | 280.F61 | J2002 | 20,00 | 6-80% | 100 | den ve | v. | 65513 | 18.37 | | 347.5 | aeu | 1 % 1 | | 5.690 | | A Com | ~ | • | | | 408 | S | 0.000 | 99 J | 743 | : 39% | 5/16/30 | AC |)8 |
| 4 | 4.00 | | | | giyatini | 30 E. | 1000 | 5.730 | A. S. P. | 40.767 | 1000 | J | 200 | (1.2°) | 10,00120 | 2046 | HK N | 100 | *** | 21. Tel 10. | 6 | 31. The | 97 | 3 | \sim $^{\circ}$ | N 323 | 400 |) | Mar. | | , 43 | 214 def1 | 0.300 | -40 | 0 |
| | (0.00) | 3:420 | 838,736 | Sec. 1000 | 100000 | 98.50 | | AY W | 98.00 | 2 Mar. | 4 R 900 | 10000 | | arita' | 12.00 | 11/2 | 2124 | SOX | | 48.KD | 80.35 | Ua.58 | 4.4. | | 3.5 | Sec. 155 | 1 9 12 | 1000 | (1986) | | 115 200 | 1000 | 66,000 | A 1997 A | 32.00 |

All the Group's borrowings are unsecured. The short-term borrowings are at variable rates indexed to LIBOR with margins in the range of 22 to 47 basis points. The interest rate coupons on the bonds are as follows:

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|--|-----|--|--|--|--|--|--|--|--|--|--|--|--------|-----|--|--------|----------|
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The interest rate risk profile of the Group's borrowings is as follows:

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| teri | | | | | | | | | | | | | | | | | | |
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| | Mare | | | | | | | 351 | | | | | | | | | | |
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At 31 March 2000, the effect of the Group's interest rate contracts is to classify £215m (1999: £nil) of borrowings as fixed rate in the above table.

Fair values

The fair values of the Group's borrowings at 31 March 2000 are as follows:

| | | | | | | | | | | | | | | | | | 19 | | | |
|--|-----|--|--|--|--|--|--|--|--|--|------|---------------|-----|--------------|--|-------|-----|--|---------|---|
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| | erm | | | | | | | | | | | 59 | | 55 | | | | | | |
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| | | | | | | | | | | | | 108 | | 38 | | | 108 | | 40 | |
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| | | | | | | | | | | | | 173 | | 95 | | | 108 | | | |
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The fair values of long-term bonds reflect their estimated market value as at 31 March 2000. The fair values of short-term debt and cash and term deposits approximate to their carrying value because of the short maturity of these instruments.

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At 31 March 2000 the Group had the following borrowing facilities. The 364-day facility expires within one year, the other facilities expire within two to five years.

| | 1,3400 | . 110 | 100 | | | 50000 | 4/4/2011 | 4 | 10000 | | 2003000 | and the | 9000 | 30.774.7 | | | | | - 21 | | 200 | 60 Y. | . 147 E | 945 | | V 1 1 1 1 1 | Draw | v 100 | 200 | Lind | irawı | | | er en en er | Total | |
|--------|------------------------|-----------|-------------|-----------|------------|----------|------------------|----------|-----------|---------------------------|---------------|-------------|-----------|-----------|-----------|-------------|-----------|-----------|----------|-----------|-----------|-----------|--|-----------|-------------|---------------|----------------|-------------|-----------|-------------|-----------------|-----------------------|---------|---|---------------|---------|
| 3.2 | | | 2 T.A. | f | 1.75-27 | | | Sec. 17. | .0 000 | 2000 | | | | | | 20 | 100 | | | 1000 | | | | 119 1140 | 4-11-6 | 2 Yr | | ••• | | | | | 10,710 | 2.12 | | |
| 2.4 | 4000 | er i vere | et de la la | | . 2000 4 | di biran | | 967 | 100 | | a reperty | | 0 | 7, 712 | | | | | 0.00 | *** ** | 20 S | 22.0 | | 1.77 | | | | | 100 | | £π | | | | . SIII | |
| e (| 4 P (1) | 17.7 | 10.00 | 200 | | | D 00 00 | 2010 | 1000 | | 17.5 | 100000 | | | 1000 | 0.00 | - 220 | 111 20 | 1.15 | 1.40 (40) | | | 10.00 | 10000 | | 200 | | | 4. Lin | aran di la | - | • | 1.2.11 | Pa 10 L | | ٠, - |
| V. V. | 10 | | | | 3. 111 A | 33325 | | 200 | | 1111111 | | 90.00 | | | X to | | 440.00 | 100000 | | 12.5 | | 77.0 | | | | 100 | er er e i | 1000 | 1 | 12 miles | | 10-44 | 11, 11 | | ×1 | 500 |
| | 40.00 | | | 1000 | er ere | 11.00 | 1 -120 | | | 200 | | | | | | | | 10.000 | | | | 11.11.14 | . 6 | 10.17. | 917. | | 200 | 23. | 4000 | 200 | | 10.00 | 400,000 | 化化化合物 | No. of Street | 10.00 |
| : | | | | | 100000 | | | 020 d. | 110 11 | 110 | | 7.50 | | | | | 20.00 | | . 77.000 | 10 - 10 | A | 10 500 | | harry had | S. 11. | ar Carr | and the same | | | 10 10 10 | | | A | and no | 121 | |
| -01 | ~~ | 400 | arres 🙀 | 20040 | er e de se | | | 27.70 | | . 1 | | 100 | de erro | e (2) () | Ministry. | | | A | 1.10-2 | 20,000 | 1 4 4 1 1 | V 14 11 1 | | 10040 | 12.00 | 19.00 | | | | 5 75.5. | 200 | 100 | | | 200 | |
| 50 | 4h | 4-12 | ıy fa | CHI | N . | 200 | (b. 1618) | 990 d. | 000.00 | | ing the later | (2000) Fr. | ÇG (1996) | ACC 40 | dynamic) | Y | 92.20 | | 100000 | 2.189501 | | | | X 427 | 1. 14.5 | d 2000 | | | war to | 5 5555 | 40 | | 10000 | 0.2009 | SVV | 1000 |
| | ~~ | , | ., | | | 100000 | 200700 | | | 10 mil | 777 | | | 1000 | A - 2.3. | | **** | | | 9839 | | 5.00 V | | 3,000 | es avas | 2.132.4 | | | | grander. | 100 | - 1 | 711.9 | 7 TO 10 TO 10 | | |
| | | | | | | | 2000 | | | , , , , , , | 17 1 17 | | | -2000 C | | | 10.000 | A100 D | 0.00,000 | 1906 A. | | 6000 mile | Section 1 | F 50 1 | S-5-35 | 10000 | 23 | • | 19.75 | . 10 (20.0) | 120 | | 011110 | ocuración e | 350 | |
| | Rei | an N | ind ' | rrec | lit f | aculi | TV . | 200 | | 11 X 12 | 1.00 | 000000 | 100 | 0.00 | 20.000 | 0.100 | O' 11 15. | 50.00 | | 2000 | Sec. 15. | | over the second | organi | | Bearing to | - 43 | • | × | our forc | -4 | | 2000 | 10000 | 300 | |
| 80 | •••• | | "ъ | ~, | *** | 44111 | | i di ka | | 3 (4) | 300 | | **** | 31.71 | . 3:-2: ` | 1. :::: | 1975 | 40,000 | | 11.50 | 76000 | 040 I.S | 0.000 | 2000 | 70 m | 1000 | | | 1.40 | 11 11 1 | . 10.7 | 11.7 | 11.4.1 | | 1 160 | |
| 4.5 | | 70 Y 11 | | X | | | 111111 | 200 5 | 25.41 | 10.00 | 3.7.23 | | Sec. 25. | 0000000 | 004297 | 30000 | of twice | 10. O 10. | 1.4,00 | 200 | 9 60 4 77 | 20 m n 10 | | March 1 | One for the | 1,7950.00 | 33 | · *** | - 413.55 | 10.00 | 4000 | 20.00 | 25. 7 | ar a con | 335 | 100 |
| 11.2 | Ttil: | STOP | al h | ank | fac | 111111 | 26 | 900 X | Ç. i | | 100 M | | | | | | 9000 | ning ny | 100000 | | | 17 | . 200 | 10000 | 2000 | 2012 NO. | 3.3 | ъ. | -111-1-11 | 1000000 | | | 200 00 | Architecture 1 | 330 | 1.7 |
| | Dilli | 411 | 41.4 | CH 111 | ··· | **** | | | 0.500.00 | 15.71: | 68.0 | deletation. | 10.00 | 77777 | ~~~ | | 2000 | VICTOR. | | 10000 | | | C 10 10 10 10 10 10 10 10 10 10 10 10 10 | | | | | · | 1.00 | 10.00 | a. 70. | C - 100 | -100 | area (no. 178 | 5 Sec. 2 | ereke i |
| | 270 | | AND YOU | 13.00 | didini | 150 30 | 80000 | Section. | Section 1 | 1000 | er exe | | 25.5% | 2000 | XXX. | 5000 | 200000 | 84 C 94 | 000000 | 300.00 | a . ×c. | 2000 | | | 100 | No. 100 | Carteria de la | a - 10 (10) | 7. r Y | 1000 | Service Control | 13300 | 200 100 | er den e | 0.00 | 1006 |
| | | | | | . 3 | | A | | | | | | | manus. | Marie . | i i i i i i | | | | | 99 | and the | 1.20125 | 1.00 | A | 11/20/20 | and the | 100000 | Section. | 100 | 600.00 | | 化中线电池 | | a 20.00 | |
| | 335 Y | | a diin | 355 i i i | | 0.00 | e minerii il | 2000 | | | | 0.00 | 100 | 2000 | ries . | 3 | 489000 | 1000 | 412 | 10000 | | | 0.000 | ALC: N | 100 | 2022 | | | | 0.000 | ~~ | 400 | 400.000 | 1.100 | 885 | 2000 |
| ∷. | | COVICE | ., | | | 0.00 | Service Services | | 71 | | A 250 | 457 | W | 6.6. | | 0.00 | | V90753. | | 9 Mari | | | | 200 | | 2015/01/01 | - 56 | - | | 55.00 | 320 | | 4000000 | March 1 | 883 | er . |
| . :- : | 49.97 | S | 1.000 | | | C | 1995 | | 100 61 | | 100 | 1200 | | | A | 3.5 | | 0.000 | offic. | | S. 11. | 40.00 | 4000. | a X . | | | ~ - | 7.00 | 9,000 | | | 7.50 | A 4500 | 21.25 | | · : * : |

21. FINANCIAL INSTRUMENTS AND DERIVATIVES

Derivative Financial Instruments

A summary of derivative financial instruments at 31 March 2000 is set out below.

| | 40.00 | 2000 | | er is far all | 157 161 | 55.2442 | Sec. 112. | 000000 | 0.00 | | | 100 | | | 127211 | 2.2.2 | 447.7545 | 1,000 | 145.55 | 0.00 W. | 15000 | . 30 | 100000 | No. 100 L | 100 miles | | | | 11.0 | Service of the | 200 | | and the second | Carlo Car | | e esta |
|-------|----------|-----------|----------|--|----------------|--------------------------|-----------|-------------|-----------|-----------|------------|--------------|-------------|-----------|-----------|-----------|--------------|----------|-------------|-----------|-----------|---------------|------------|-----------|------------|------------|-------------|-----------|-------------|----------------|---------|--------------|----------------|-----------------------------|-----------|------------|
| | ж. же | | | | | The Table | 100,000 | 20000 | 0.000 | | eric const | 24 N.Y. F | | Sec. 25. | | | 1000 | 91.765 | 60,000 | 0.000 | 5.15.15 | 20,000 | | 10000 | | ひんさく | | | XXXX 24. | | - 225 | 10. 200 | | 110,000,00 | 0.00 | |
| 40 | | 200 | | 1 | | 2000 | | | | 7 | | 10.000 | ? · · · › ː | | | | 4 3.4 | | 20.00 | | | | 1000 | S. 99 | 111.35 | | 7. 6.7 | | | N | L999 | | `X`. | | | |
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| , i e | 1 | | | | | | 2002.2 | 4.5 | | O. 200 | 23.7 | 7 . Ve. | 00000 | 100 | | 315 | وأحر ووالموا | 44.77 | 2.65 | | 20 G | 1000 | 0.00 | | | 20. W | A | 11:10 | 2 | . 400 | N. 11. | ~ <u>/44</u> | . 439-3 | (- 4 · 5 · 6 · 6 | 1000 | |
| C. | Inte | resi | rat | e cc | m | auc | 100000 | 140 | 45.00 | | 15 1 1 1 A | augn ber | E 1/1/2 | 000011 | delate of | 3_3 | 10000 | | V | | - 4.0 | 100 | | | -, | 45200 | 2000,000 | 940 A. S. | | 11500 | 0.000 | dere di | | 1.000 | 5.500 | 5 // 13 |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

The principal currency of the forward exchange contracts is US dollars. The principal value of the contracts held in this currency is \$110m (1999; \$139m). Other forward exchange contracts are held in Dutch guilders and Deutschmarks, with principal values of 24m (1999; 49m) guilders and 24m (1999; 49m) Deutschmarks respectively.

The Group's outstanding forward exchange contracts mature between 1 April 2000 and April 2002. Fuel stock is stated after taking into account exchange movements on foreign exchange contracts associated with its purchase. The deferred loss at the year-end is included in stock and is being released to operating costs over a five-year period during which the associated fuel will be consumed.

The Group uses interest rate contracts to manage exposures to interest rate fluctuations. £265m of contracts were entered into shortly before 31 March 2000 and are deemed to have negligible fair value at that date.

A summary table of the net losses on derivative instruments is set out in the table below:

| | 2000 | 2000 | 1999 | 1999 |
|---|---------------|---|--------------------|--|
| | Unrecognized | Deferred | Unrecognised | Deferred |
| | £m | £m | £m | £m |
| | | | | |
| Net losses on derivative instruments at 1 April 1999 | (9) | (20) | (25) | (8) |
| Net losses arising in previous period included in current period | | | | |
| profit and loss account | | 5 | | 2 |
| pront and loss account | | | | |
| Mark the second | | | | |
| Net losses arising before 1 April 1999 not included in current period | | | /OEV | /cv |
| profit and loss account | (9): | (15) | (25) | (6) |
| Net gains/(losses) arising in current period not included in current | | | | santalyo, dil |
| period profit and loss account | 2 | (5) | 16 | (14) |
| | | | | |
| Net losses on hedges at 31 March 2000 | (7) | (20) | (9) | (20) |
| | | | | อนหร้างที่มีเสียงได้เป็นที่ได้เกี่ยว การทำเหล่า เกราะการเกราะเกี่ยว |
| Of which: | | 2000 S. | | |
| | | (6) | | |
| Net losses expected to be included in 2000-01 profit and loss account | | | | |
| Net losses expected to be included in profit and loss accounts | | | | |
| beyond 2000-01 | | (14) | | |
| 이 경기 봤는 다양한 경우 아는 집에 나는 모든 나는 이 나왔다. 그렇게 되었다면 하는 것으로 하는 것이 되었다. | 的复数计算电影 医肾髓管 | , oktobri i filozofiki (1966-gov.) | 연명 낚시 가격 등 하시고 나왔다 | Baltima (100 grad) |

The fair value of the Group's derivative instruments has been calculated using the market rates in effect at the balance sheet dates.

The Group uses Contracts for Differences (CfDs) to protect against fluctuations in pool prices. The Group estimates that the fair value of CfDs outstanding at 31 March 2000 is a net liability of £50m (1999; net asset of £60m). The estimate is based on forward market prices on this date (over the period for which they are available) and the Group's forecasts of market prices thereafter. Further information about gains or losses on CfDs is not disclosed as the Directors believe such disclosure would be detrimental to the Group.

Further details of treasury and risk management are set out on page 21 of the Financial Review.

| 22. PROVISIONS FOR LIABILITIES AND CHARGES | | | | Group | |
|--|--------------------------------|----------------------------------|-----------------------|---------------------|---------------------|
| | | | | 2000 £m | 1999 £m |
| Nuclear liabilities (note 23) | | | | 1,489 253 | 1,421 |
| Other provisions (note 24). Deferred taxation (note 25) | | | | 249 | 112 240 |
| | | | | 1,991 | 1,773 |
| 23. NUCLEAR LIABILITIES | Back end | Back end | | | |
| | fuel costs contracted £m | fuel costs uncontracted £m | Decommissioning £m | 2000 Total £m | 1999 Total £m |
| As at 1 April 1999 | 2,341 | 564 | 857 (27) | 3,762 (27) | 3,790 (8) |
| Life extension adjustment Charged to profit and loss account | one o komenta. Tarakan | | (21) | 1477 | (0) |
| - operating costs | 126 | 17 | | 143 | 166 |
| - revalorisation (note 7) | 130 | 31 | 48 | 209 | / 191 |
| - exceptional items | (6) | (1) | | (7) | (45) |
| Payments in the year | (310) | | | (310) | (332) |
| As at 31 March 2000 | 2,281 | 611 | 878 | 3,770 | 3,762 |
| The year-end balances of nuclear liabilities are include | ed in the balance | sheet as fol | lows: | 2000 | 1999 |
| | | | | žan Žan | Ęm 1999 |
| Creditors: - amounts falling due within one year | | | | 300 | 282 |
| - amounts falling due after more than one year | | | | 1,981 | 2,059 |
| Provisions for liabilities and charges | | | | 1,489 | 1,421 |
| | | | | 3.770 | 3.762 |

Accruals for AGR fuel services relating to spent AGR fuel are based on the terms of contracts with BNFL, most of which include fixed prices subject to indexation, or the Group's estimates where no contracts exist. Provisions for services relating to the disposal of nuclear waste and the storage and disposal of PWR spent fuel are based on cost estimates derived from the latest technical assessments.

Decommissioning

The costs of decommissioning the power stations have been estimated on the basis of technical assessments of the processes and methods likely to be used for decommissioning under the current regulatory regime. The estimates are designed to reflect the costs of making the sites of the power stations available for alternative use in accordance with the Group's decommissioning strategy.

Projected payment details

Based on current estimates of station lives and lifetime output projections, the following table shows, in current prices, the likely undiscounted payments, the equivalent sums discounted at 3% per annum to the balance sheet date and the amounts accrued to date.

| ٠, | 380.7 | 000 | 100.4 | 8180 | 3.26 | | pan | - 14 | £080 | | Se. | 578 | 3, O. | 5.48 | X15 | ; Bac | k en | 1 | | 3ack e | nd | (· · · · · ·) | Marin T | | 44. | રા છે | 9.5 | group | | ាំខ | Grou | |
|------------|-------|-------------|---------|-----------|---------|-------|--------|-----------|--------|----------|--------|--------|-------|--------|------|---------|-------|--------|--------|-------------|-------|-----------------|---------|--------|-----------|--------|-----------|-------|--------|---------|-------|------|
| <u>ن :</u> | | P. 34. | | 9.537 | | | Police | zábi | CARC. | | | | | 140.00 | | fuel | cost | 5 | , fi | uel cos | sts | | | | Sec. 1200 | | V. in the | 2000 | re eu | Barrie. | 199 | 9 |
| | Quun | 15 | | 90 P | | S. 5. | 10.4 | | 90.8 | | : Beet | STORY. | | | | cont | racte | 1 | unce | intract | ed | De | comm | ission | ling | ÇIW | HA GA | Total | 61. SÝ | | Tota | at : |
| S | Chil | VALE. | | čida: | 0.00 | | 장성 | 1569 | hada. | Saide. | | JE W | | | | | £bi | | | *** *** *** | bn | | F1.44 | | £bn | ,4141 | 9.7 | £be | g Vijû | | £b | n : |
| ä., | | | | mö, | | 40.0 | | 7.00 | 液化剂 | \$4.00° | | 100 | 5000 | | 4.00 | 400 | | | N) as | ? 15√₹ | 7. T. | (5.0) | 200 | | Zirig | 710 | | | 198114 | 19 Tab | 1150 | |
| ٠. ٠ | 2013 | ikijingkii, | (C. 20) | 1438 | 3188 | 900 | ala 1 | 4.1.5 | | ind d | | | 知道に | | S | | | | | | | | 9786.19 | | . ~ | Maria. | wji. | | | | | |
| | Und | SCOL | intec | † | (1) (A) | | | . Y.L. X. | 11111 | E. dr | 1.29 | | | | | 997 | b.t | • | | - 4 | .∪ ∵ | | | | 1.0 | 94S. | mg | 14.2 | 4.0 | | 13.6 | ಿ |
| | 98,5 | 1200 | 2004 | | | | | 13. | | 74 m. m. | 177 | 1111 | | 10.3 | 100 | | | Egg. 2 | 2000 | CALL. | 9.4 | | Janes. | | | ylu lu | | 4 | 24000 | 11.00 | 100 | w |
| -14 | Dice | ount | -d | , i), i k | | 1.3 | | 11 | 0.03 | 100 | ú. | 788 | 300 | . 1.55 | 3. | S 4/5/5 | 36 | 2 | 4,5,7 | 1 | 0 | 4 M | | . (| ۱ ۹ | | 100 | 5.5 | 100 | U | 5.3 | 3 |
| = } | UISU | ount | 5u | M. | | fris | H: (4) | 100 | . 1 | 47.79 | · : | 11 | 1740 | | | 0.87 | ٧.\ | | | | • | 4-7 | The | | | · | | | | | | |
| ., | 4,215 | 4119 | 7 11kg | | · · .). | | | | جائزان | | | 14 | 5.8 | : - Ö | 1 | 10.00 | 6.054 | 40.0 | X | a agi | 1. 3 | 11.5 | 25.77 | 100 | | | 100 | | | 7. 7. | 11_1 | 2.1 |
| ٠, | Accr | ued | to da | ate | | 91 PK | | | 1. Y | 4 II | | Tell. | 100 | | | wi | 2.3 | 3 | 11/4/1 | . 0 | .6 | '''. z | 77.7 | (|).9 | | | 3.8 | h., 1 | 30.00 | ુ 3.≀ | 3 |
| | | | | 200 | | - N | | | * | | | | | 57.0 | 100 | | 500 | | | | | | | | 9 1 | | | | | | 5 | |

The differences between the undiscounted and discounted amounts reflect the fact that the costs concerned will not fall due for payment for a number of years. The differences between the discounted amounts and those accrued to date will be charged to the profit and loss account over the remaining station lives since they relate to future use of fuel.

23. NUCLEAR LIABILITIES (continued)

Under the terms of the contracts with BNFL referred to above and in accordance with the projected pattern of payments for decommissioning and other liabilities, taking account of the decommissioning fund arrangements described in note 2 (xvi), the undiscounted payments in current prices are expected to become payable as follows:

| | Back end fuel costs contracted £m | Back end fuel costs uncontracted £m | Decommissioning £m | Group 2000 Total Em | Group 1999 Total Em |
|-----------------------------|--|--|---------------------------|------------------------------|------------------------------|
| Within five years | 1,331 | 138 | 86 | 1,555 | 1,563 |
| 6-10 years | 1,051 | 177 | 187 | 1,415 | 1,254 |
| 11-25 years | 1,896 | 521 | 325 | 2,742 | 2,982 |
| 26-50 years | 734 | 442 | 75 | 1,251 | 883 |
| 51 years and over | 552 | 2,762 | , | 3,314 | 3,117 |
| | 5,564 | 4,040 | 673 | 10,277 | 9,799 |
| 24. OTHER PROVISIONS | | | Group | | |
| | Power Purchase Agreement £m | Restructuring £m | Uninsured claims £m | 2000 Total Sen | 1999 Total £m |
| As at 1 April 1999 | | 98 | 14 | 112 | 140 |
| Provided/(released) in year | 153 | 22 | (8) | 167 |) 40 € 3 - 3 |
| Payments in the year | | (26) | | (26) | (28) |
| As at 31 March 2000 | 153 | 94 | 6 | 253 | 112 |

A provision was made on the acquisition of Swalec in respect of an onerous contract to purchase electricity over nine years at prices which are expected to significantly exceed the future market price (note 13 (a)).

The restructuring provision is a provision for redundancy and severance costs, based on the Group's existing restructuring programme, including a provision of £52m against the adverse outcome of the National Grid case (note 26). The amounts provided in the year relate to the cost reduction programme announced in November 1999.

The uninsured claims provision is in respect of compensation claims from employees for latent, non-radiation related illnesses. The provision relates to a period, prior to the Group's privatisation, when no insurance for such claims was held. A time expired element of the provision was released during the year.

25. DEFERRED TAXATION

| 25. DEFERRED TAXATION | | 2000 | Group | | 1999 | |
|--|--------------------------------------|-----------------------------|---|--------------------------------------|-----------------------------|---|
| | Fuil potential liability £m | Amounts unprovided £m | Liability/ (asset) recognised £m | Full potential Ilability £m | Amounts unprovided £m | Liability/ (asset) recognised £m |
| Accelerated capital allowances Other long-term timing differences Short-term timing differences Corporation tax losses | 1,053 (103) (32) (83) | (510) - - - | 543 (103) (32) (83) | 1,023 (54) (30) (117) | (506) - - - | 517 (54) (30) (117) |
| | 835 | (510) | 325 | 822 | (506) | 316 |
| ACT recoverable offset | | | (76) | | | (76) |
| | | | 249 | | | 240 |
| | | | | | | Group Em |
| As at 1 April 1999 Charge for the year (note 8) Deferred tax asset on acquisition of Swale | | | | | | 240 55 (46) |
| As at 31 March 2000 | | | | | | 249 |

The full potential liability for deferred tax has been calculated using the expected tax rate of crystallisation of 30% (1999; 30%). The Company does not have a deferred tax liability at 31 March 2000 (1999; £nil).

26. PENSION OBLIGATIONS

On 1 October 1999 the Scottish Nuclear Pension Scheme (SNPS) was integrated with the Nuclear Electric Pension Group in the Electricity Supply Pension Scheme (ESPS). As a result the assets and liabilities of the SNPS were transferred to the Nuclear Electric Pension Group in the ESPS, to form the British Energy Generation Group. The SNPS has been wound up. 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.

The British Energy Generation Group has not been subject to formal valuation since its formation. The ESPS scheme actuary has, however, confirmed that at the date of integration there were sufficient assets in both predecessor schemes to cover their liabilities.

The most recent valuation of the SNPS was carried out at 31 March 1998 by an independent actuary using the projected unit method. The principal assumptions adopted in the valuation were that, over the long term, the investment rate of return would be 8,75% per annum, the rate of salary increase would be 6% per annum and the rate of pension increase would be 4,5% per annum. At the date of the valuation the market value of assets of the SNPS was £323m. This represents 107% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The most recent actuarial valuation of the Nuclear Electric Pension Group in the ESPS was carried out as at 31 March 1998 using the projected unit method and the same assumptions as for the SNPS. At the date of the valuation the market value of the assets of the Nuclear Electric Pension Group in the ESPS was £1,376m. This represents 108% of the benefits that had accrued to members after allowing for expected future increases in earnings.

Following the acquisition of Swalec on 17 February 2000 the British Energy Combined Group (Combined Group) was formed in the ESPS. The transferred employees at Swalec and Eggborough Power Station are members of the Combined Group. An actuarial valuation of the Combined Group has not been undertaken. British Energy contributes 12% to both the British Energy Generation and Combined Groups. Contributing members make normal contributions of 5% to the British Energy Generation Group and 6% to the Combined Group. Any deficiency disclosed in the British Energy Generation Group or Combined Group following an actuarial valuation has to be made good by British Energy.

British Energy's pension costs for the year to 31 March 2000 were £11m net of surplus amortisation (1999: £21m). At that date there was a prepayment of £16m (1999: £8m).

The High Court has overturned the ruling by the Pensions Ombudsman against National Grid Group relating to the use of the ESPS surplus by National Grid Group to offset the costs of providing enhanced pensions on early retirement resulting from re-organisation or redundancy. Although the Court of Appeal has now ruled on the High Court decision, the legal position is not yet clear. The existing provisions for additional pension contributions have, therefore, been maintained on the basis of the current ruling (note 24).

27. CALLED UP SHARE CAPITAL

| | £m £m |
|---|---------------------|
| Authorised | |
| 875,000,000 Ordinary Shares of £1 each 991,679,020 Ordinary Shares of 4428/43p each | 875 443 ⊥ |
| 720,339,029 'A' shares of 60p each | 422 |
| One special rights redeemable preference share | of£1 |
| | 875 875 |
| Allotted, called up and fully paid | |
| 720.339,029 Ordinary Shares of £1 each | 720 |
| 620,362,444 Ordinary Shares of 4428/4sp each 80,908,247 'A' shares of 60p each | 277 - 48 - |
| 74.741,066 deferred 'A' shares of 60p each | 45 U |
| One special rights redeemable preference share | of £1 |
| | 370 720 |

(a) Special rights redeemable preference share of £1

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 a Minister of the Crown or other person acting on behalf of HM Government, 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 right to participate in the capital or profits of the Company beyond its nominal value. Certain matters, in particular, the alteration of specific sections of the Articles of Association of the Company (including the Article relating to limitations that prevent a person having the right to have an interest in 15% or more of the voting share capital), require the prior written consent of the holder of the special share.

27. CALLED UP SHARE CAPITAL (continued)

(b) Return of value

On 15 June 1999 the Directors issued a circular outlining proposals for a return of value by the Company, which were approved by shareholders at an Extraordinary General Meeting on 15 July 1999. This resulted in 43 new ordinary shares of 4428/43P and 48 'A' shares of 60p being issued for every 48 existing ordinary shares of £1 registered on 6 August 1999. The shareholders had the option of selling their 'A' shares to the Company for 60p per share, receiving a single dividend of 60p per 'A' share, with the 'A' share becoming an unlisted deferred share with negligible monetary value, or keeping their 'A' shares and receiving a sub-LIBOR dividend payable annually from 10 August 2000, on the principal of 60p per share.

Following the repurchase of 474,750,496 'A' shares on 13 August 1999 the Company created a Capital Redemption Reserve of £285m.

A dividend of 60p per share was paid on 6 October 1999 to the holders of 74,741,066 'A' shares who opted for the immediate dividend, and these shares became deferred shares. The deferred shares have a nil fair value at 31 March 2000.

On 29 October 1999 the Company repurchased a further 89,999,220 'A' shares at 60p per share leaving 80,908,247 'A' shares outstanding. As a result a further £54m was added to the Capital Redemption Reserve. The 'A' shares are traded on The London Stock Exchange and at 31 March 2000 had a market value of 54p per share.

The 'A' shares and deferred shares do not carry any rights to receive notice of, attend, speak or vote at any general meeting, unless, in the case of 'A' shares, the meeting is due to consider a resolution for the winding-up of the Company, or the continuing dividend remains unpaid six months or more after it fell due. On a winding-up the 'A' shares have preferential rights over the ordinary shares in respect of the distribution of capital. The 'A' shares confer no rights to participate in the capital or profits of the Company beyond their nominal value. The deferred shares do not confer any rights to participate in the capital or profits of the Company, including on a winding-up of the Company.

(c) Other share purchases

During 1999-2000 the Company purchased and subsequently cancelled 24,995,000 ordinary shares. The shares were repurchased at an average consideration of £3.27 per share. This reduced the Company's issued share capital, and increased the Capital Redemption Reserve, by £11m. The repurchase resulted in a reduction in profit and loss account reserve of £82m.

(d) Share option schemes

Details of Share Option schemes are set out on pages 25 and 26 of the Report of the Remuneration Committee. Options outstanding at 31 March 2000, together with their exercise prices and dates of exercise, are as follows:

| | Exercise price | Earliest | No. of Ordinary Shares | | | | | |
|--|----------------|------------------|------------------------|------------|--|--|--|--|
| | per share £ | exercise date | 2000 | 1999 | | | | |
| British Energy Sharesave Scheme | 1.60 | 1999 | 7,068 | 5,873,519 | | | | |
| | 1.60 | 2001 | 9,817,557 | 10,223,952 | | | | |
| | 1.95 | 2000 | 1,331,060 | 1,420,160 | | | | |
| | 1.95 | 2002 | 1,376,383 | 1,420,075 | | | | |
| | 4,44 | 2001 | 642,448 | 808,982 | | | | |
| | 4.44 | 2003 | 837,765 | 978,801 | | | | |
| | 4,39 | 2002 | 1,654,365 | | | | | |
| | 4.39 | 2004 | 1,167,395 | , | | | | |
| Employee Share Scheme | 2.60 | 2000 | 8,020,462 | 8,220,629 | | | | |
| | 4.08 | 2000 | 629,561 | 668,561 | | | | |
| | 5.08 | 2001 | 4,558,417 | 4,635,633 | | | | |
| | 5,29 | 2002 | 4,796,000 | | | | | |
| Senior Management Share Scheme | 2.60 | 2000 | 2,308,950 | 2,480,059 | | | | |
| | 3.95 | 2000 | 22,264 | 22,264 | | | | |
| | 4.72 | 2001 | 114,406 | 114,406 | | | | |
| | 5,08 | 2001 | 965,118 | 1,011,259 | | | | |
| | 6.67 | 2002 | 19,865 | 19,867 | | | | |
| . 이 그는 그 사이 가는 것이 되었습니다. 그런 사이에 가장 보고 있는데 보고 있습니다. | 6.49 | 2002 | 21,263 | 21,263 | | | | |
| 그 그 경기 얼마를 하는 것 같아. 그들이 그렇게 되는 것을 다고 있다. | 5.29 | 2002 | 1,032,404 | | | | | |
| | 3.57 | 2002 | 34,952 | | | | | |

for the year ended 31 March 2000

| 28. CAPITAL REDEMPTION RESERVE | | | | Group £ra | Company £m |
|---|-------------------|---------------|--------------|----------------|---------------|
| As at 1 April 1999 Created following return of value (note 27 (b)) | | | | 339 | - 339 |
| Created following purchase and cancellation of own shares | (note 27 (c)) | | | 11 | 11 |
| | | | | 350 | 350 |
| 29. PROFIT AND LOSS ACCOUNT | | Group | | Company | |
| | | 2000 Em | 1999 £m | 2000 £m | 1999 £m |
| As at 1 April 1999 | | 888 55 | 812 76 | 2,478 (107) | 533 1,945 |
| Retained profit/(loss) for the year Reduction due to return of value Reduction due to other share purchases | Alexandra (Mara | (344) (82) | Ž | (344) (82) | |
| As at 31 March 2000 | | 517 | 888 | 1,945 | 2,478 |
| The profit and loss account of the Group at 31 March 2000 | ingligios 666m of | unrealised r | rofite (note | 264M) | |
| (1000: £46m) | HIGHUUCS LOOM OF | umcanacu p | nonta (note | | |

The profit and loss account of the Company at 31 March 2000 includes £1,145m of undistributable profits (note 9) (1999: £1,772m).

| [Health Hall Hall Hall Hall Hall Hall Hall Hal | | 3. 404,500 3 |
|---|---|---|
| 30. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS | Group | |
| | 2006 £m | 1999 £m |
| As at 1 April 1999 | 1,684 | 1,607 |
| Shares issued | - 150 | 1 186 |
| Profit for the financial year Ordinary dividend | (48) | (110) |
| A' share dividend (relating to return of value) | (45) | |
| Reduction due to return of value | (344) | |
| Reduction due to share buy back | (82) | |
| Creation of non-equity shares Non-equity dividend | (93) (2) | 900 ANS |
| Note equity divide to | | 71.070.05 (5.05) 83.480.81.2888 |
| As at 31 March 2000 | 1,220 | 1,684 |
| | | |
| 31 PECONCII IATION OF OPERATING PROFIT TO OPERATING NET CASH FLOW | S | |
| 31. RECONCILIATION OF OPERATING PROFIT TO OPERATING NET CASH FLOW | S Group | |
| 31. RECONCILIATION OF OPERATING PROFIT TO OPERATING NET CASH FLOW | | 1999 £m |
| | Group 2000 | 1999 £m 481 |
| Operating profit including exceptional items | Group 2000 Sm | £m |
| Operating profit including exceptional items Exceptional items | Group 2000 5m 412 | £m 481 |
| Operating profit including exceptional items Exceptional items Business performance operating profit | 2000 2000 2m 412 16 428 280 | 481 (8) 473 278 |
| Operating profit including exceptional items Exceptional items Business performance operating profit Depreciation charges Nuclear liabilities charged to operating costs | Group 2000 5m 412 16 428 250 141 | 481 (8) 473 278 166 |
| Operating profit including exceptional items Exceptional items Business performance operating profit Depreciation charges Nuclear liabilities charged to operating costs Nuclear liabilities discharged | Group 2000 5m 412 16 428 260 141 (310) | 481 (8) 473 278 166 (332) |
| Operating profit including exceptional items Exceptional items Business performance operating profit Depreciation charges Nuclear liabilities charged to operating costs Nuclear liabilities discharged Other provisions discharged/released | Group 2000 5m 412 16 428 250 141 | 481 (8) 473 278 166 (332) (28) |
| Operating profit including exceptional items Exceptional items Business performance operating profit Depreciation charges Nuclear liabilities charged to operating costs Nuclear liabilities discharged | Group 2000 5m 412 16 428 260 141 (310) (34) (17) 4 | 481 (8) 473 278 166 (332) (28) (17) 8 |
| Operating profit including exceptional items Exceptional items Business performance operating profit Depreciation charges Nuclear liabilities charged to operating costs Nuclear liabilities discharged Other provisions discharged/released Regular contributions to decommissioning fund Decrease in stocks (Increase)/decrease in debtors | Group 2000 5m 412 16 428 260 141 (310) (34) (17) 4 (54) | \$m 481 (8) 473 278 166 (332) (28) (17) 8 |
| Operating profit including exceptional items Exceptional items Business performance operating profit Depreciation charges Nuclear liabilities charged to operating costs Nuclear liabilities discharged Other provisions discharged/released Regular contributions to decommissioning fund | Group 2000 5m 412 16 428 260 141 (310) (34) (17) 4 | \$m 481 (8) 473 278 166 (332) (28) (17) 8 |
| Operating profit including exceptional items Exceptional items. Business performance operating profit Depreciation charges Nuclear liabilities charged to operating costs Nuclear liabilities discharged Other provisions discharged/released Regular contributions to decommissioning fund Decrease in stocks (Increase)/decrease in debtors | Group 2000 5m 412 16 428 260 141 (310) (34) (17) 4 (54) 32 | \$m 481 (8) 473 278 166 (332) (28) (17) 8 13 (4) |
| Operating profit including exceptional items Exceptional items Business performance operating profit Depreciation charges Nuclear liabilities charged to operating costs Nuclear liabilities discharged Other provisions discharged/released Regular contributions to decommissioning fund Decrease in stocks (Increase)/decrease in debtors Increase/(decrease).in creditors | Group 2000 5m 412 16 428 260 141 (310) (34) (17) 4 (54) | \$m 481 (8) 473 278 166 (332) (28) (17) 8 13 (4) |

32. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 2000 | |
|-------|------------------------------------|--|---|---------------|---|-----------------------|---|--|-------------------------------|---------------|----------------|-----------------|------------|-----------|----------------|-----------------------------|------------------------|------------|---|-----------------------|----------------|---|--------------|------------------|-------------|---|------------|------------|---------|-------|
| - 1 | | | 100 | | | | | | 4.6 | | | | | | 4 | | 1. 1 | 11.0 | | 2. 1 | | 15 | | | | 20.0 | - 1 C 1 | a ad | | - 1 |
| | | | 50.0 | 1000 | | | | 1 10 | and the second | | | | | | | | | 2.5 | | | 1 11 | | | 4.55 | | | | | | |
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| | | | | | | | | | 100 100 100 | | | | | | 4.4 | | 40.00 | | 1.7 | | | . 11 | | | | | 1.75 | - C - Sec. | | 1.00 |
| | | 1 / DOM: | 1. 1. 1. 1. 1. | 100 100 1 | | | | | 100 | | 4 .55 | | | | | | | 100 | | | 1 6 | | 4 10 | | | | | | | |
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| | | | | | | | | | * | | and the second | 6 | | | 2,222 | | | | | | | 1.0 | | 2 1 1 | | | | | | |
| | | | 5 55 55 | | | | 5 2 5 | 2000 000 000 | 100 | | | 44.4 | 74.45 | | 1.16 | | | | 2.00 | 4.5 | | | 4. 1 | | | | | 100 | (2 | |
| | Feb. 10. 10. 10. | 10.00 | | | AB | | - 40 | 200 | | | | | | ala ar | A 4 50 | 0.00 | 3.1 | | 1 40 10 10 | | N. | | . 1 77 . | 5 44 45 | | | | | 12 | |
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| | | | | | | JUI | | 2000 000 | NUMBER OF | *** | | | | . 24 | 1000 | A | 34.65 | 1000 | | 10 m 10 m | | | | | | | | Or ne | _::- | -24 |
| | 2000 2000 000 | | | | A 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | | v o vo | 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | . 700 000 00 | | 100 | | | | 1.000 | 400 + 5 | | 200 | | | | | | | 10000 | 11,10 | | | 545 | |
| | Decrea | رائي المراسم | | | | | | 9 1 1 | | | | | | | · | | | | | 2 + 5 + 1 | | | 200 | 4.00 | | | | | 343 | |
| | DECIES | | 11 11 (11) | 11.1 1 | SOUR | | | 1000 | | | 200 | 43.4 17 | 2007 000 | | | 1.0 | | 1 1 2 1 1 | arayan at a | and the second of the | 1.71 | V - 1 1 1 1 | | 200 | 1 1 | er e | | | | |
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| | 111, 27.27.3 | | | | | 1/ | | | | | v. O . | | | | | | | 1000 | | 1000 | | | | | | 2012 | | 10.00 | 565 | a e |
| | ncreas | | | | | 100 . 1 | 1 45 1 | | 5060.00 | 100 100 100 2 | | | e 1 - 2 11 | 120 | ,,,,,,,, | 100 000 | 1111111111 | 100.00 | - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 | | | The state of | | Section 1 | 11 11 11 | 2000 | 10.00 | | | |
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| | A CONTRACTOR OF THE PARTY NAMED IN | Address of | | | ******* | 2.0 | | | | A 1.5 | ^ | | 2.000 19.5 | 400 | 2 MARIE 2 | e | | 1000000 | | 117 | | | 40.0 | A | | 40.00 | さくいき こ | A | 1 3 G W | 1100 |
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| | Increas | | | -4 4- 4- | . سام ساد | | | | i da diday . | 1000 | | | | | 10.00 | | | 200 | | 200 | a Comment | | 4 | 1 | | | 5. S. E. | | 112 | |
| | Increas | תו הסיב | · net | nenr. | .tn:trx | VI. | 41 | 0.000 | | 100 0000 | ration and the | 10.000 | | | | 1.05 | A | e communi | | 7 100 | 0000 | 4. 6. 17 | | Sec. 1 | | 100000000000000000000000000000000000000 | 55.5 | | 17.5 | |
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| | rier illi | IUS I | al 1 / | ADIH: | エコココ | | 50.00 | 100000000000000000000000000000000000000 | | . 17 1 17 2 | 2000 | an sin sin n | | 2000 | and the second | | | lich et en | C 100 CO. L. | 200 | 322 Car | | | 4 4 6 7 7 | . 5 - 10 | | 200000 | | 45000 | . 300 |
| | 7.7.7.7.7. | | | | | 4000 400 | | Section 1 | 100 100 | | 200 | 91.44 | | 7.7 77.5 | 1 | 44.00 | ********* | 1 20 | | | 2000 | ari er errei | | | 30 30 10 20 | | 1277 | | | V |
| 20.00 | A | *14*3 A.C. | 5 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - | 4 2 G to 10 | 2006 x 32 | a tata into a | * | an, seres | | | | | | | 4. 化压力管 | | 200 000 | 1 | | | 4 4 4 6 | | 1 200 | ARCHOUGH | 10000 | Jan. 10. 10. 10. 10. 10. 10. 10. 10. 10. 10 | | A 40 16 1 | 4.000 | 1000 |
| . 27 | STREET PROPERTY. | ** . *** | SECTION SECTION | 5 Mar. 25 . 4 | 11 11 11 11 11 | * * | ANN - 2 | VICTORY OF | to be the sea | Mark World or | 5.40055 | 50,000 | | * *** | 1.00000 | ermin. | CONTRACT. | 1.000 | 50000.00 | M. 126.4 | 2 (C. C.) | | - 11, 60, 41 | 27 1 1 1 1 1 1 1 | 100 | 9 May 17 | A | | | *** |
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| 2. | | | | | | 7.7.7. | V 100 - 200 00 | i in ear eafea | | | 11.71 | 10 100 | 200 | | | 10000 | | | are ve | V-11-24 | | n sanja | Sec. 1984. | e ii ee i | | 21.00 | 11.1 27 | | | |
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33. ANALYSIS OF NET FUNDS/(DEBT)

| | | | | | | | | | | | | | | ebt d | | t due | | | | |
|--|-------|--|--|--|--|--|--|--|-------|----|--|-------|--|-------|---|-------|------|--|--------|--|
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Cash not immediately required for business purposes is invested in fixed rate term deposits and commercial paper. At 31 March 2000 these instruments were due to mature within one month and earned interest at an average rate of 5.6%.

34. CONTINGENT LIABILITIES

The Group is involved in a number of claims and disputes arising in the ordinary course of business which are not expected to have a material effect on the Group's financial position.

The Company gives certain indemnities and guarantees in respect of its subsidiary undertakings in the ordinary course of business. These indemnities and guarantees are not considered to be material and no losses are anticipated to arise.

SE EINANCIAI COMMITMENTS

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In addition to the reprocessing commitments there are commitments for fuel purchases totalling £1,275m, at current prices, over the next ten years.

| | 2000 £m | 1999 £m | 1998 £m | 1997 £m | 1996 £m |
|---|-----------------------|------------|------------|------------------|----------------|
| Business Performance Results (excluding | | | | | |
| exceptional items) | | | | | |
| Turnover | 2,058 | 2,067 | 1,954 | 1,870 | 1,654 |
| Operating profit | 428 | 473 | 437 | 307 | 130 |
| Profit/(loss) before tax | 241 | 298 | 191 | 61 | (155) |
| Earnings | 161 | 201 | 126 | 36 | (155) |
| Operating cash flow (net of capital expenditure) | 313 | 479 | 461 | 404 | (191) |
| Results (including exceptional items) | | | | | |
| Turnover | 2,058 | 2,067 | 1,954 | 1,896 | 2,553 |
| Operating profit/(loss) | 412 | 481 | 522 | 333 | (967) |
| Profit before tax | 225 | 276 | 276 | 532 | 130 |
| Earnings | 1.50 | 186 | 185 | 497 | 30 |
| Ordinary dividends | (48) | (110) | (102) | (96) | |
| Supplementary dividends | oric on o ⇔ o | | (69) | in in the second | |
| Balance Sheet | | | Salak Kala | | re on the Sage |
| Net assets | 1,313 | 1,684 | 1,607 | 1,498 | 1,542 |
| Net current assets | 73 | 1,042 | 665 | 709 | 359 |
| Nuclear liabilities (discounted) | 3,770 | 3,762 | 3,790 | 3,786 | 3,733 |
| Capital expenditure | (137) | (78) | (81) | (106) | (224) |
| Net (debt)/funds | (936) | 176 | 10 | (262) | |
| Ratios | | | | | |
| Dividends per ordinary share (p/share) | 8.0 | 16.0 | 14.7 | 13.7 | |
| Special supplementary dividend (p/share) | | | 10.0 | | |
| Earnings per share (p/share) | 23.2 | 27.1 | 26.6 | 71.0 | 4.3 |
| Business performance earnings per share (p/share) | 24.9 | 29.3 | / 18.1 | 5,1 | (22.1) |
| | 30 Carlotte (🙃 😘 .) | 1.2 | 1.2 | 0.4 | 49 Mark 13 433 |