

2 PROFIT OF THE PARENT COMPANY

The profit of the parent company for the financial year amounted to £21 million (2004: £84 million). By virtue of Section 230(4) of the Companies Act 1985, the Company is exempt from presenting a separate profit and loss account.

3 EMPLOYEES

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	Year ended 31 December 2005 Number	Year ended 31 December 2004 Number
UK business	162	148
International business	34	20
	196	168

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2005 £m	Year ended 31 December 2004 £m
Wages and salaries	21	14
Share-based payments	6	1
Social security costs	6	1
Other pension costs	4	4
	37	20

For details of the Company's share-based payments, refer to note 28 of the Group accounts.

4 PENSION ARRANGEMENTS

The valuation used for the FRS 17 disclosure at 31 December 2005 has been based on a full assessment of the liabilities of the International Power section of the Electricity Supply Pension Scheme at 31 March 2004.

The major assumptions used by the actuary were:

	Year ended 31 December 2005 %	Year ended 31 December 2004 %	Year ended 31 December 2003 %
Inflation assumption	2.9	2.9	2.8
Rate of increase in salaries	4.4	4.4	4.3
Rate of increase of pensions in payment	2.9	3.0	2.9
Rate of increase of deferred pensions	2.9	3.0	2.9
Rate used to discount plan liabilities	4.7	5.3	5.4

The assets in the scheme and the expected rates of return were:

	31 December 2005		31 December 2004		31 December 2003	
	Long-term rate of return %	Value £m	Long-term rate of return %	Value £m	Long-term rate of return %	Value £m
Equities	7.1	60	7.5	44	7.8	36
Bonds	4.6	7	5.0	5	5.1	5
Other	6.0	7	6.2	6	6.6	4
Total market value of assets		74		55		45
Present value of scheme liabilities		(92)		(67)		(58)
Deficit in scheme		(18)		(12)		(13)
Related deferred tax asset		5		4		4
Net pension liability		(13)		(8)		(9)

Analysis of amounts charged to operating profit under FRS 17:

	Year ended 31 December 2005 £m	Year ended 31 December 2004 £m
Current service cost	4	3
Settlement/curtailment cost	–	1
Total operating cost	4	4

Analysis of amounts credited to other finance income under FRS 17:

	Year ended 31 December 2005 £m	Year ended 31 December 2004 £m
Expected return on pension plan assets	4	3
Interest on pension plan liabilities	(4)	(3)
Net return	–	–

Analysis of amount recognised in statement of total recognised gains and losses under FRS 17:

	2005 £m	2004 £m
Actual return less expected return on pension scheme assets	9	3
Experience (losses)/gains arising on the scheme liabilities	(6)	4
Changes in assumptions underlying the present value of the scheme liabilities	(9)	(7)
Actuarial loss recognised in statement of total recognised gains and losses	(6)	–

Analysis of movement in deficit during the year

	2005 £m	2004 £m
Deficit in scheme at 1 January	(12)	(13)
Current service cost	(4)	(3)
Settlement/curtailment cost	–	(1)
Contributions	4	5
Actuarial loss	(6)	–
Deficit in scheme at 31 December	(18)	(12)

History of experience gains and losses

	2005	2004	2003
Difference between the actual and expected return on pension scheme assets:			
Amount (£m)	9	3	4
Percentage of scheme assets	12%	5%	9%
Experience (losses)/gains arising on the scheme liabilities:			
Amount (£m)	(6)	4	–
Percentage of the present value of scheme liabilities	7%	6%	–
Total amount recognised in statement of total recognised gains and losses:			
Amount (£m)	(6)	–	4
Percentage of the present value of scheme liabilities	7%	–	7%

Reconciliation to balance sheet under FRS 17:

	31 December 2005 £m	31 December 2004 £m
Total market value of assets	74	55
Scheme liabilities	(92)	(67)
Deficit in scheme	(18)	(12)