

2 PROFIT OF THE PARENT COMPANY

The profit of the parent company for the financial year amounted to £932 million (2005: £21 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 2006 Number	Year ended 31 December 2005 Number
Based in UK	179	162
Based overseas	33	34
	212	196

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2006 £m	Year ended 31 December 2005 £m
Wages and salaries	21	21
Share-based payments	9	6
Social security costs	5	6
Other pension costs	8	4
	43	37

For details of the Company's share-based payments, refer to note 29 of the Group accounts.

4 PENSION ARRANGEMENTS

The valuation used for the FRS 17 disclosure at 31 December 2006 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 updated to 31 December 2006 by independent qualified actuaries.

The major assumptions used by the actuary were:

	Year ended 31 December 2006 %	Year ended 31 December 2005 %	Year ended 31 December 2004 %
Inflation assumption	3.1	2.9	2.9
Rate of increase in salaries	4.6	4.4	4.4
Rate of increase of pensions in payment	3.1	2.9	3.0
Rate of increase of deferred pensions	3.1	2.9	3.0
Rate used to discount plan liabilities	5.1	4.7	5.3

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

	31 December 2006		31 December 2005		31 December 2004	
	Long-term rate of return %	Value £m	Long-term rate of return %	Value £m	Long-term rate of return %	Value £m
Equities	7.5	71	7.1	60	7.5	44
Bonds	5.0	8	4.6	7	5.0	5
Other	6.4	9	6.0	7	6.2	6
Total market value of assets		88		74		55
Present value of scheme liabilities		(100)		(92)		(67)
Deficit in scheme		(12)		(18)		(12)
Related deferred tax asset		4		5		4
Net pension liability		(8)		(13)		(8)

Analysis of amounts charged to operating profit:

	Year ended 31 December 2006 £m	Year ended 31 December 2005 £m
Current service cost	6	4
Settlement/curtailment cost	2	–
Total operating cost	8	4

Analysis of amounts credited to other finance income:

	2006 £m	2005 £m
Expected return on pension plan assets	5	4
Interest on pension plan liabilities	(4)	(4)
Net return	1	–

Analysis of amount recognised in statement of total recognised gains and losses:

	2006 £m	2005 £m
Actual return less expected return on pension scheme assets	2	9
Experience losses arising on the scheme liabilities	–	(6)
Changes in assumptions underlying the present value of the scheme liabilities	5	(9)
Actuarial gain/(loss) recognised in statement of total recognised gains and losses	7	(6)

Analysis of movement in deficit during the year:

	2006 £m	2005 £m
Deficit in scheme at 1 January	(18)	(12)
Current service cost	(6)	(4)
Settlement/curtailment cost	(2)	–
Contributions	6	4
Other finance income	1	–
Actuarial gain/(loss)	7	(6)
Deficit in scheme at 31 December	(12)	(18)

History of experience gains and losses:

	2006	2005	2004	2003
Difference between the actual and expected return on pension scheme assets:				
Amount (£m)	2	9	3	4
Percentage of scheme assets	2%	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)	7	(6)	–	4
Percentage of the present value of scheme liabilities	7%	7%	–	7%

Reconciliation to balance sheet:

	31 December 2006 £m	31 December 2005 £m
Total market value of assets	88	74
Scheme liabilities	(100)	(92)
Deficit in scheme	(12)	(18)