# EDF ENERGY PLC

## Registered Number 2366852

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## 31 DECEMBER 2013

## CONTENTS



**Directors**

Vincent de Rivaz
Simone Rossi

**Company Secretary**

Joe Souto

**Auditor**

Deloitte LLP
London

**Registered Office**

40 Grosvenor Place
Victoria
London
SW1X 7EN

# STRATEGIC REPORT

## Principal activities

The Company's principal activities during the year continued to be procurement of energy and commodities on behalf of other companies within the EDF Energy plc group and the provision of head office services It will continue with these activities for the foreseeable future

## Business review

The loss for the year before taxation amounted to £46 3m (2012 £28 7m) and the profit after taxation amounted to £74 6m (2012 £19 6m)

EDF Energy plc is a wholly-owned subsidiary of EDF Energy Holdings Limited (the "Group") which manages its operations on a business segment basis For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business The performance of the Energy Sourcing and Customer Supply Business Unit, which includes the Company, and future likely developments of the business is discussed in the Group's Annual Report which does not form part of this report

## Principal risks and uncertainties

The following is a discussion of the key risks facing the Company together with a summary of the Company's approach to managing those risks

### Margin risk

The Company purchases gas and electricity on behalf of other companies within the Group and recharges the costs to EDF Energy Customers plc The Company makes a fixed margin per month relating to its energy trading activities, but margin risk arises as the margin percentage will fluctuate in line with price changes Risk management is monitored for the whole of EDF Energy, through sensitivity analysis and stop loss per commodity and across commodities, within the Group risks mandate

### Interest rate risk

The Company's exposure to interest rate fluctuations on its borrowings and deposits is managed principally through the use of fixed rate debt instruments and swap agreements The Company's policy is to use derivatives to reduce exposure to short-term interest rates and not for speculative purposes

### Foreign currency risk

The Company's exposure to foreign currency risk mainly relates to the currency exposure on the service of interest and capital on euro-denominated debt, the purchase of energy and EU emissions certificates and other foreign currency-denominated purchases The Company's policy is to hedge/fix known currency exposures as they arise The euro currency swap agreements fix the sterling equivalent that will be required to service the interest and capital repayments of foreign currency debt instruments The Company enters into forward currency purchase contracts to fix the sterling price for future foreign currency-denominated transactions

### Credit risk

The Company's credit risk is primarily attributable to its trade receivables The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies Risk of loss is monitored through establishment of approved counterparties, maximum counterparty limits and minimum credit ratings

### Health and safety risk

The health and safety of all our employees, contractors, agency staff and the public is a key risk given the nature of the Company's business To minimise this risk, the Company is committed to creating a culture that views safe working as the only way of working and to reviewing all our processes and procedures to ensure they deliver this Training is provided to managers to ensure they understand their responsibility for the safety of the employees that they set to work In addition, a confidential helpline has been set up for the use of anyone within the organisation to help eradicate unsafe practices and safeguard our employees

## STRATEGIC REPORT continued

### Cyber risk

Cyber securıty threats are ıncreasıng ın magnıtude, sophıstıcatıon, and pace The ımpact of a cyber securıty ıncıdent can sıgnıficantly damage busıness operatıons, profit and brand EDF Energy has ınvested ın technology to protect ıtself from such threats

### Creditors' payment polıcy

The Group's current polıcy concernıng the payment of ıts trade credıtors and other supplıers ıs to

- settle the terms of payment wıth those credıtors/supplıers when agreeıng the terms of each transactıon,
- ensure that those credıtors/supplıers are made aware of the terms of payment by ınclusıon of the relevant terms ın contracts, and
- pay ın accordance wıth ıts contractual and other legal oblıgatıons

The payment polıcy applıes to all payments to credıtors/supplıers for revenue and capıtal supplıes of goods and servıces wıthout exceptıon At 31 December 2013, the Company had an average of 17 8 days (2012 15 8 days) purchases outstandıng ın ıts trade credıtors

### Employee involvement

The Company keeps ıts employees ınformed on matters affectıng them Thıs ıs carrıed out ın a number of ways, ıncludıng formal and ınformal brıefings, departmental meetıngs and regular reports ın staff newsletters and on the Group ıntranet

### Equal opportunities

The Company ıs fully commıtted to ensurıng that all current and potentıal future employees and customers are treated faırly and equally, regardless of theır gender, sexual orıentatıon, marıtal status, dısabılıty, race, colour, natıonalıty or ethnıc orıgın The Company provıdes equal opportunıtıes for employment, traınıng and development, havıng regard to partıcular aptıtudes and abılıtıes In the event of employees becomıng dısabled durıng employment, where possıble, assıstance and retraınıng ıs gıven so that they may attaın posıtıons compatıble wıth theır abılıty

### Goıng concern

After makıng enquırıes and revıewıng cash flow forecasts and avaılable facılıtıes for at least the next 12 months, the Dırectors have formed a ȷudgement, at the tıme of approvıng the financıal statements, that there ıs a reasonable expectatıon that the Company has adequate resources to contınue ın operatıonal exıstence for the foreseeable future Thıs ȷudgement has been formed takıng ınto account the prıncıpal rısks and uncertaıntıes that the Company faces and whıch have been outlıned ın more detaıl elsewhere ın the Strategıc report For thıs reason the Dırectors contınue to adopt the goıng concern basıs ın preparıng the fınancıal statements

Thıs report was approved by the Board of Dırectors and sıgned on ıts behalf by

Sımone Rossı
Dırector
26 June 2014

## DIRECTOR'S REPORT

The Directors present their annual report and financial statements for the year ended 31 December 2013 A review of the business is included in the Strategic Report

### Directors

Directors who held office during the year and subsequently were as follows

Vincent de Rivaz
Simone Rossi

Simone Rossi is employed by and has a service contract with the Company Vincent de Rivaz is employed by and has a service contract with the ultimate parent company Electricité de France SA ("EDF SA")

There are no contracts of significance during or at the end of the financial year in which a Director of the Company has a material interest

Neither of the Directors who held office at the end of the financial year had any interests in the shares of the Company or any Group company that are required to be disclosed in accordance with the Companies Act 2006

There were qualifying third-party indemnity provisions in place for the benefit of one or more Directors of the Company during the financial year and at the date of approval of the financial statements

### Dividends

The Directors do not recommend payment of a dividend (2012 £nil)

### Political and charitable contributions

During the year, the Company made various charitable contributions totalling £470,522 (2012 £10,988) and no political contributions (2012 £nil)

### Disclosure of information to Auditor

Each of the persons who is a Director at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware, and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

### Auditor

Deloitte LLP have indicated their willingness to continue in office as Auditor to the Company A resolution to reappoint Deloitte LLP as Auditor will be tabled at the forthcoming Annual General Meeting

On behalf of the Board

Simone Rossi
Director
26 June 2014

## DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF ENERGY PLC

We have audited the financial statements of EDF Energy plc for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains, the Balance Sheet and Losses and the related notes 1 to 28 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

**Respective responsibilities of Directors and Auditor**
As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

**Scope of the audit of the financial statements**
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

**Opinion on financial statements**
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Opinion on other matter prescribed by the Companies Act 2006**
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

**Matters on which we are required to report by exception**
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

**David Bell (Senior Statutory Auditor)**
**for and on behalf of Deloitte LLP**
Chartered Accountants and Statutory Auditor
London, United Kingdom
Date 2 June 2014

## PROFIT AND LOSS STATEMENT
## FOR THE YEAR ENDED 31 DECEMBER 2013

| | Note | 2013 £m | 2012 £m |
|---|---|---|---|
| **Turnover** | 2 | **5,626.8** | 4,594 6 |
| Cost of sales | | **(5,564.1)** | (4,514 6) |
| **Gross profit** | | **62.7** | 80 0 |
| Administrative expenses | | **(104.0)** | (113 4) |
| Other operating income | | **5.9** | 17 7 |
| **Operating loss** | 3 | **(35.4)** | (15 7) |
| Loss on disposal of subsidiaries | 6 | **-** | (7 8) |
| Profit/ (loss) on sale of fixed assets | | **0.2** | (0 1) |
| Interest receivable and similar income | 7 | **8.7** | 13 7 |
| Interest payable and similar charges | 8 | **(19.8)** | (18 8) |
| **Loss on ordinary activities before taxation** | | **(46 3)** | (28 7) |
| Tax credit on loss on ordinary activities | 9 | **120.9** | 48 3 |
| **Profit for the financial year** | | **74.6** | 19 6 |

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

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
## FOR THE YEAR ENDED 31 DECEMBER 2013

| | Note | 2013 £m | 2012 £m |
|---|---|---|---|
| **Profit for the financial year** | | **74 6** | 19 6 |
| Actuarial (loss)/ gain net of deferred tax on defined benefit pensions | 22 | **(16 2)** | 52 2 |
| **Total recognised gain relating to the year** | | **58.4** | 71 8 |

The actuarial (loss)/gain net of tax on defined benefit pensions includes a deferred tax credit of £1 5m (2012 charge of £20 2m) and a current tax credit of £1 8m (2012 £1 9m)

## BALANCE SHEET
## AT 31 DECEMBER 2013

| | Note | 2013 £m | 2012 Restated (ı) £m |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangıble fixed assets | 10 | **335.8** | 171 7 |
| Tangible fixed assets | 11 | **81.2** | 61 5 |
| Investments ın subsıdıary undertakıngs | 12 | **1,090.0** | 1,090 0 |
| | | **1,507.0** | 1,323 2 |
| **Current assets** | | | |
| Stock | 13 | **260.7** | 177 4 |
| Debtors amounts fallıng due wıthın one year | 14 | **10,504.2** | 5,464 0 |
| Debtors amounts fallıng due after more than one year | 15 | **10.6** | 12 7 |
| Investments | 16 | **600.0** | 900 0 |
| Cash at bank and ın hand | | **356.7** | 52 6 |
| | | **11,732.2** | 6,606 7 |
| Credıtors amounts fallıng due wıthın one year | 17 | **(8,954.1)** | (4,543 8) |
| **Total assets less current liabılities** | | **4,285.1** | 3,386 1 |
| Credıtors amounts fallıng due after more than one year | 18 | **(682.0)** | - |
| Provısıon for lıabılıtıes and charges | 20 | **(392.4)** | (244 1) |
| **Net assets excludıng pension lıabılıtıes** | | **3,210.7** | 3,142 0 |
| Pensıon lıabılıtıes | 24 | **(37.4)** | (27 1) |
| **Net assets** | | **3,173.3** | 3,114 9 |
| **Capıtal and reserves** | | | |
| Called up share capıtal | 21 | **1,296.6** | 1,296 6 |
| Share premıum | 22 | **13.9** | 13 9 |
| Capıtal reserve | 22 | **1.9** | 1 9 |
| Redemptıon reserve | 22 | **11.0** | 11 0 |
| Profıt and loss account | 22 | **1,849.9** | 1,791 5 |
| **Shareholder's funds** | | **3,173.3** | 3,114 9 |

(ı) The 2012 fıgures have been restated for a reclassıfıcatıon between cash at bank and ın hand to ınvestments See note 16 for further detaıls

The fınancıal statements of EDF Energy plc, regıstered number 2366852 were approved by the Board of Dırectors on 26 June 2014 and were sıgned on ıts behalf by

Sımone Rossı
**Dırector**

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting policies

The principal accounting policies are set out below They have all been applied consistently throughout the current year and the preceding year

**Basis of preparation**

These financial statements have been prepared under the historical cost convention, modified to include fair valuation of derivatives and in accordance with applicable law and accounting standards in the United Kingdom

**Going concern**

After making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future This judgement has been formed taking into account the principal risks and uncertainties that the Company faces and which have been outlined in more detail in the Strategic report For this reason the Directors continue to adopt the going concern basis in preparing the financial statements

**Cash flow statement**

The Company is exempt from preparing a cash flow statement under the terms of FRS 1 'Cash flow statements (revised 1996)' as it is a member of a group, headed by EDF Energy Holdings Limited, whose consolidated accounts include a cash flow statement and will be publicly available

**Consolidation**

The Company is exempt from preparing consolidated accounts as it is a wholly-owned subsidiary of EDF Energy Holdings Limited, which prepares consolidated accounts which include the results of the Company and will be publicly available

**EU Emissions trading scheme and renewable obligations certificates**

The Company recognises its free emissions allowances received under the National Allocation Plan at zero cost Purchased emissions allowances are initially recognised at cost (purchase price) within intangible assets A liability is recognised when the level of emissions exceeds the level of allowances granted The liability is measured at the cost of purchased allowances up to the level of purchased allowances held, and then at the market price of allowances ruling at the balance sheet date Movements are recognised within operating profit

The Company is obliged to sell a specific ratio of electricity sales volume to its customers from renewable sources This is achieved via generation from renewable sources or through the purchase of Renewable Obligation Certificates ("ROCs") Any purchased certificates are recognised at cost and included within intangible assets Any ROCs obtained directly through renewable generation are carried at zero cost but reduces the Group's outstanding obligations to supply certificates The Company recognises a provision for its obligation to supply certificates, based on the energy it supplies to customers The intangible assets are surrendered, and the provision is released at the end of the compliance period reflecting the consumption of economic benefit As a result, no amortisation is recorded during the period

NOTES TO THE FINANCIAL STATEMENTS continued

## 1. Accounting policies continued

### Intangible fixed assets

Intangible fixed assets are stated at cost, net of depreciation and provision for impairment The carrying values of intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

### Tangible fixed assets

Fixed assets comprise assets acquired or constructed by the Company 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

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of acquisition of each asset, net of its residual value, evenly over its expected useful life, as follows

| | | |
|---|---|---|
| Information technology | – | Three to ten years |
| Tools and equipment | – | Five years |
| Meters | – | Twenty years |
| Fixtures and equipment | – | Four to five years |
| Motor vehicles | – | Five years |

No depreciation is charged on assets in the course of construction until the asset is brought into use

### Stocks

Stocks are valued at the lower of cost and net realisable value Cost includes all costs incurred in bringing each product to its present location and condition The cost of raw materials, consumables and goods for resale is calculated using the weighted average cost basis Net realisable value represents the estimated selling price less any further costs expected to be incurred in completion and disposal

### Investments

Fixed asset investments are shown at cost less any provision for impairment Current asset investments are stated at the lower of cost and net realisable value

### Leasing and hire purchase commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis

### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

## NOTES TO THE FINANCIAL STATEMENTS continued

### 1 Accounting policies continued

#### Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the balance sheet date, with the following exceptions

- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets with no likely subsequent rollover or available capital losses,
- provision is made for gains on re-valued fixed assets only where there is a commitment to dispose of the re-valued assets and the attributable gain can neither be rolled over nor eliminated by capital losses, and
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted

Deferred tax is measured on an undiscounted basis

Deferred tax is measured at the average tax rate that is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

#### Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate

#### Finance costs

Finance costs of debt are recognised in the profit and loss account over the term of such instruments, at a constant rate on the carrying amount

#### Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period

## NOTES TO THE FINANCIAL STATEMENTS continued

### 1. Accounting policies continued

#### Pensions

The Company has obligations under two funded defined benefit pension arrangements as part of the EDF Energy plc group, and the Company accounts for these schemes in accordance with FRS 17 'Retirement Benefits', ("FRS 17")

The amounts charged to the profit and loss account are the current service costs and gains and losses on settlements and curtailments They are included as part of staff costs Past service costs are recognised immediately in the profit and loss account if the benefits have vested If the benefits have not vested immediately the costs are recognised over the period until vesting occurs The interest cost and the expected return on the assets are shown as a net amount of other finance costs or credits adjacent to interest Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

The defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee-administered funds Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond or equivalent currency and term to the scheme liabilities The actuarial valuations are obtained at least triennially and are updated at each balance sheet date The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet

#### Derivatives and other financial instruments

The Company has borrowings and operating commitments denominated in foreign currencies and uses financial instruments to manage the financial risks arising from these commitments The main risks arising from the Company's activities are interest rate risk, foreign currency risk and margin risk

***Interest rate risk***

The Company's exposure to interest rate fluctuations on its borrowings is managed by using fixed rate debt instruments and derivative financial instruments

Amounts payable or receivable in respect of swaps are recognised as adjustments to interest expense over the period of the contract Where interest rate swaps are used, they are not revalued to fair value or shown on the Company balance sheet at the year-end If the debt instrument being hedged by the interest rate swaps were to be extinguished, any gain or loss attributable to the swaps would be recognised in the period of the transaction If the interest rate swaps were to be sold or terminated, any gain or loss would be deferred and amortised over the remaining life of the debt instrument being hedged by the interest rate swaps

***Foreign currency risk***

The Company's exposure to foreign currency risk is on the service of interest and capital on euro-denominated debt, and to purchase of coal and carbon certificates in foreign currencies The Group's policy is to hedge new currency exposures as they arise A cross-currency interest rate swap (currency swaps) is used to hedge the exposure on debt service payments (interest & principal) for foreign currency denominated debt, while forward contracts are used to hedge foreign currency denominated operating expenses

The foreign exchange rates under such contracts are used when recording the hedged item in the balance sheet As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets and liabilities

***Credit risk***

The Company's credit risk is primarily attributable to its trade receivables The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies Risk of loss is monitored through establishment of approved counterparties, maximum counterparty limits and minimum credit ratings

## NOTES TO THE FINANCIAL STATEMENTS continued

### 1. Accounting policies continued

*Margin risk*

The Company purchases gas and electricity on behalf of other companies within the Group and recharges the costs to EDF Energy Customers plc The Company makes a fixed margin per month, but margin risk arises as the margin percentage will fluctuate in line with price changes Risk management is monitored for the whole of EDF Energy, through sensitivity analysis within the Group risks mandate

### 2. Turnover

Turnover, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to the sale of power, gas and coal to other subsidiary companies, and recharges to group companies for the provision of support services including property and IT

### 3 Operating loss

| This is stated after charging | | **2013 £m** | 2012 £m |
|---|---|---|---|
| Depreciation of tangible assets | (note 11) | **13.7** | 17 6 |
| Amortisation of intangible assets | (note 10) | **6.5** | 8 3 |
| Operating lease rentals - properties | | **18.4** | 16 0 |
| Research and development | | **5.1** | 3 6 |

In 2013 an amount of £31,323 (2012 £30,470) was paid to Deloitte LLP for audit services In 2013, amounts payable to Deloitte LLP by the Company in respect of other assurance services was £0 4m (2012 £0 6m)

### 4. Directors' emoluments

The Directors of the Company are paid by the Company for services provided to all companies within the Group and have been set out below Total emoluments paid are also included within the consolidated financial statements of EDF Energy Holdings Limited, an intermediary holding company No Director (2012 none) held any interests in the shares or debentures of the Company or the Group required to be disclosed under the Companies Act 2006

| | **2013 £m** | 2012 £m |
|---|---|---|
| Aggregate remuneration | **1.3** | 1 3 |
| Amounts receivable under long term incentive schemes | **0 4** | 0 2 |
| Total remuneration excluding expatriate related benefits | **1.7** | 1 5 |
| Expatriate related benefits | **0.5** | 0 6 |
| Total remuneration | **2 2** | 2 1 |

| | **2013 Number** | 2012 Number |
|---|---|---|
| Members of defined benefit pension scheme | **1** | 1 |

**NOTES TO THE FINANCIAL STATEMENTS continued**

### 4. Directors' emoluments continued

| | 2013 £m | 2012 £m |
|---|---|---|
| Remuneration payable to the highest paid Director was as follows | | |
| Aggregate remuneration | **0.7** | 0 8 |
| Amounts receivable under long term incentive schemes | **0.3** | 0 2 |
| Total remuneration excluding expatriate related benefits | **1.0** | 1 0 |
| Expatriate related benefits | **0.3** | 0 4 |
| Total remuneration | **1 3** | 1 4 |

The aggregate remuneration includes basic salary and amounts receivable under annual incentive schemes

The remuneration of all Directors disclosed above is also included in the financial statements of EDF Energy Holdings Ltd for the year ended 31 December 2013

### 5 Staff costs

| | 2013 £m | 2012 £m |
|---|---|---|
| Wages and salaries | **65.5** | 68 8 |
| Social security costs | **8.4** | 12 9 |
| Pension costs | **17.9** | 19 0 |
| Severance | **0 2** | - |
| Release of provision | **-** | (5 4) |
| | **92 0** | 95 3 |

The monthly average number of employees, including Directors, during the year was as follows

| | 2013 Number | 2012 Number |
|---|---|---|
| Corporate and Steering Functions | **955** | 1,065 |
| Energy Sourcing and Customer Supply | **269** | 298 |
| Nuclear | **13** | 20 |
| | **1,237** | 1,383 |

### 6. Exceptional items reported after operating loss

The loss on disposal of subsidiaries of £7 8m in 2012 relates to the additional costs incurred on the disposal of Networks which was sold in October 2010

NOTES TO THE FINANCIAL STATEMENTS continued

## 7 Interest receivable and similar income

| | 2013 £m | 2012 £m |
|---|---|---|
| Dividend income | 0 2 | - |
| Interest on bank deposits | 2.4 | 5 2 |
| Interest on loans to other Group companies | 6 1 | 8 5 |
| | 8.7 | 13 7 |

## 8 Interest payable and similar charges

| | 2013 £m | 2012 £m |
|---|---|---|
| Net interest payable on pension scheme | 1.1 | 3 3 |
| Interest on bonds | 15 9 | 10 5 |
| Foreign exchange loss | 1.9 | 4 6 |
| Other interest payable | 0.8 | 0 3 |
| Unwinding of discount on provision | 0.1 | 0 1 |
| | 19 8 | 18 8 |

**NOTES TO THE FINANCIAL STATEMENTS continued**

## 9. Tax on (loss) on ordinary activities

(a) Analysis of tax credit in the year

**UK current tax**

| | **2013 £m** | 2012 £m |
|---|---|---|
| UK corporation tax credit on (loss) for the year | **(10.0)** | - |
| Adjustment in respect of previous periods | **(113.3)** | (45 0) |
| Total current tax credit (note 9(b)) | **(123.3)** | (45 0) |
| **UK deferred tax** | | |
| Origination and reversal of timing differences | **1 6** | (2 1) |
| Adjustment in respect of previous periods | **(1 1)** | (2 1) |
| Effect of decreased tax rate | **1.9** | 0 9 |
| Total deferred tax charge/(credit) for the year | **2.4** | (3 3) |
| Total tax credit on loss on ordinary activities | **(120.9)** | (48 3) |

Changes to the main rate of corporation tax were announced in Finance Act 2013 These comprised a reduction in the main rate of corporation tax for the financial year beginning 1 April 2014 from 23% to 21% and a further reduction for the financial year beginning 1 April 2015 from 21% to 20% Finance Act 2013 was substantively enacted on 3 July 2013 and has therefore been applied where appropriate in these financial statements

As the reduction to 20% had been substantively enacted at the balance sheet date, the deferred tax asset at 31 December 2013 has been calculated at 20% The impact of the future rate changes from 23% to 20% has been to decrease the deferred tax asset by £1 9m through the profit and loss and £0 8m through the statement of total recognised gains and losses in the year

(b) Factors affecting current tax credit for the year

The tax assessed for the period is lower (2012 lower) than the standard rate of corporation tax in the UK

The differences are explained below

| | **2013 £m** | 2012 £m |
|---|---|---|
| **(Loss) on ordinary activities before tax** | **(46 3)** | (28 7) |
| Tax on profit on ordinary activities at standard UK rate of corporation tax of 23 25% (2012 24 5%) | **(10.8)** | (7 0) |
| Effect of | | |
| Capital allowances in excess of depreciation | **0.3** | 1 6 |
| Movement in pension liability | **(0.1)** | 1 8 |
| Other permanent differences | **2 6** | 4 7 |
| Adjustment in respect of previous periods | **(113 3)** | (45 0) |
| Other timing differences | **(2.0)** | (1 1) |
| Current tax credit for the year | **(123.3)** | (45 0) |

**NOTES TO THE FINANCIAL STATEMENTS continued**

## 10. Intangible fixed assets

| | EU Emissions trading certificates £m | Renewable obligations certificates £m | IT software £m | Total £m |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2013 | 114 6 | 44 2 | 65 3 | 224 1 |
| Additions | 205 0 | 127 3 | - | 332 3 |
| Disposals | (114 6) | (44 2) | (8 3) | (167 1) |
| **At 31 December 2013** | **205.0** | **127.3** | **57.0** | **389 3** |
| **Amortisation** | | | | |
| At 1 January 2013 | - | - | (52 4) | (52 4) |
| Charge for the year | - | - | (6 5) | (6 5) |
| Disposals | - | - | 5 4 | 5 4 |
| **At 31 December 2013** | **-** | **-** | **(53 5)** | **(53.5)** |
| **Carrying amount** | | | | |
| **At 31 December 2013** | **205 0** | **127.3** | **3.5** | **335.8** |
| At 31 December 2012 | 114 6 | 44 2 | 12 9 | 171 7 |

## NOTES TO THE FINANCIAL STATEMENTS continued

### 11. Tangible fixed assets

| | Land and buildings £m | Equipment and fittings £m | Assets in the course of construction £m | Total £m |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2013 | 17 0 | 148 0 | 30 3 | 195 3 |
| Additions | - | - | 41 3 | 41 3 |
| Transfers | - | 10 6 | (10 6) | - |
| Disposals | - | - | (7 9) | (7 9) |
| **At 31 December 2013** | **17.0** | **158.6** | **53.1** | **228.7** |
| **Accumulated depreciation** | | | | |
| At 1 January 2013 | (6 3) | (127 5) | - | (133 8) |
| Charge for the year | (1 0) | (12 7) | - | (13 7) |
| **At 31 December 2013** | **(7.3)** | **(140.2)** | - | **(147.5)** |
| **Carrying amount** | | | | |
| **At 31 December 2013** | **9.7** | **18.4** | **53.1** | **81 2** |
| At 31 December 2012 | 10 7 | 20 5 | 30 3 | 61 5 |

## NOTES TO THE FINANCIAL STATEMENTS continued

### 12. Investments in subsidiary undertakings

| | Shares £m | Loans £m | **Total £m** |
|---|---|---|---|
| **At 1 January 2013 and at 31 December 2013** | **61.2** | **1,028.8** | **1,090.0** |

£528 9m of the loans to subsidiary companies is interest bearing and £499 9m is interest free The interest on the loans is calculated at one month LIBOR plus 40bp

The principal undertakings at 31 December 2013, which are incorporated in the United Kingdom and are registered and operate in England and Wales (unless otherwise stated), are as follows

| Name of subsidiary | Proportion of ownership interest % | Proportion of voting power held % | Principal activity |
|---|---|---|---|
| British Energy Direct Limited * | 100% | 100% | Sale of electricity |
| Cheshire Cavity Storage Group Limited | 100% | 100% | Holding company |
| Cheshire Cavity Storage 1 Limited * | 100% | 100% | Provision of gas storage facilities |
| Deletepicnic Limited | 100% | 100% | Holding company |
| EDF Energy 1 Limited * | 100% | 100% | Marketing and supply of electricity and gas |
| EDF Energy (Cottam Power) Limited * | 100% | 100% | Provision and supply of electricity generation |
| EDF Energy Customers plc * | 100% | 100% | Electricity retailing |
| EDF Energy (Dormant Holdings) Limited * | 100% | 100% | Holding company |
| EDF Energy (Energy Branch) plc | 100% | 100% | Investment in electricity generation |
| EDF Energy Fleet Services Limited | 100% | 100% | Provision and supply of transport services |
| EDF Energy Investments * | 100% | 100% | Holding company |
| EDF Energy (London Heat & Power) Limited * | 100% | 100% | Generation and supply of electricity and heat |
| EDF Energy (Metro Holdings) Limited | 100% | 100% | Investment company |
| EDF Energy (Projects) Limited * | 100% | 100% | Investment company |
| 51° Limited * | 100% | 100% | Investment company |
| Associated Electricity Supplies Limited * | 100% | 100% | Investment company |
| EDF Energy Customer Field Services (Metering) Limited * | 100% | 100% | Investment company |
| EDF Energy (West Burton Power) Limited* | 100% | 100% | Power generation |
| High Hedley Hope Wind Limited* | 100% | 100% | Renewable power generation |
| Kirkheaton Wind Limited* | 75% | 75% | Renewable power generation |
| SEEBOARD Energy Gas Limited* | 100% | 100% | Gas supply |
| SEEBOARD Energy Limited* | 100% | 100% | Energy supply |
| Sutton Bridge Financing Limited* (Cayman Islands) | 100% | 100% | Financial activities |
| The Barkantine Heat & Power Company Limited * | 100% | 100% | Generation and supply of electricity and heat |

* Held indirectly

## NOTES TO THE FINANCIAL STATEMENTS contınued

### 13. Stock

| | 2013 £m | 2012 £m |
|---|---|---|
| Raw materıals and consumables | **246.4** | 162 9 |
| Levy exemptıons certıficate | **14.3** | 14 5 |
| | **260.7** | 177 4 |

### 14. Debtors amounts fallıng due within one year

| | 2013 £m | 2012 £m |
|---|---|---|
| Trade debtors | **122.0** | 83 5 |
| Provısıon for bad debts | **(0.3)** | (0 1) |
| Amounts owed by other Group companıes | **10,354.6** | 5,284 7 |
| Other debtors | **27.9** | 29 1 |
| VAT | **-** | 66 8 |
| | **10,504.2** | 5,464 0 |

### 15. Debtors: amounts falling due after more than one year

The movements ın the deferred taxatıon asset durıng the current year are as follows

| | At 1 January 2013 £m | Profit and loss £m | Statement of total recognısed gaıns and losses £m | At 31 December 2013 £m |
|---|---|---|---|---|
| Deferred tax asset | 12 7 | (2 1) | - | **10 6** |
| Deferred tax shown agaınst pensıon lıabılıty (note 24) | 8 1 | (0 3) | 1 5 | **9 3** |
| Deferred tax asset | 20 8 | (2 4) | 1 5 | **19 9** |

Deferred taxatıon provıded ın the fınancıal statements ıs as follows

| | 2013 £m | 2012 £m |
|---|---|---|
| Accelerated capıtal allowances | **8.0** | 8 2 |
| Short term tımıng dıfferences | **2.6** | 4 5 |
| Deferred tax asset | **10.6** | 12 7 |

## NOTES TO THE FINANCIAL STATEMENTS continued

### 16. Investments

The investments are one month cash deposits with EDF SA the ultimate shareholder The agreement in place gives the Company the right for early redemption of these deposits with two business days notice

The 2012 figures have been restated to reclassify £900m from cash at bank and in hand to investments, to reflect the availability of these investments

### 17. Creditors: amounts falling due within one year

| | **2013 £m** | 2012 £m |
|---|---|---|
| Trade creditors | **702.3** | 419 4 |
| Other payables | **131.9** | 114 7 |
| Amount owed to intermediate parent companies | **315 3** | 315 3 |
| Amounts owed to other Group companies | **7,640 1** | 2,851 2 |
| Corporation tax (Group payments) | **155 9** | 211 2 |
| €800m Eurobond due June 2013 (note 18) | - | 632 0 |
| VAT | **8.6** | - |
| **Total creditors falling due within one year** | **8,954.1** | 4,543 8 |

Amounts owed to other Group companies bears interest based on the LIBOR rate and is repayable on demand

The Company operates a collective net overdraft facility arrangement which permits the offset of cash balances with overdrafts in subsidiary companies In current year the element of the Company overdraft of £6,600 1m (2012 £2,393 1m) which relates to the collective net overdraft balance is shown above within amounts owed to other Group companies

### 18. Creditors: amounts falling due after more than one year

| | **2013 £m** | 2012 £m |
|---|---|---|
| €800m Eurobond due June 2023 | **682 0** | - |
| **Total creditors falling due after more than one year** | **682.0** | - |

In 2008 the Company entered into an €800m bond with another Company within the EDF S A group This bond matured on 27 June 2013 The bond was then rolled over with a new maturity on 27 June 2023 and has interest payable at a floating rate of EURIBOR 6 months +0 2811% The principal has been swapped to sterling, and the interest rate has been swapped into a rate of LIBOR 6 months + 0 3643%

**NOTES TO THE FINANCIAL STATEMENTS continued**

## 19. Derivatives and financial instruments

The discussion of the Group's objectives with regards to derivatives and other financial instruments is included within the Group's accounting policies in note 1

### Fair values of assets and liabilities

The fair value of financial instruments represents the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation Where market values are not available, fair values have been calculated by discounting cashflows at prevailing rates at the year end Significant differences can arise between the fair value and the carrying amount of financial instruments that are recognised at historical cost amounts

| | **Fair value** | |
|---|---|---|
| | **2013 £m** | 2012 £m |
| Cross-currency swaps | **7.5** | 16 9 |
| Foreign exchange contracts | **(24 4)** | (17 7) |
| Commodity forward contracts | **(88 8)** | (81 8) |

The cross-currency swaps relate to the Eurobond The Eurobond has been swapped into sterling and the interest rate has been swapped from a floating rate based on EURIBOR plus a margin, to LIBOR plus a margin

The forward foreign exchange contracts fix the sterling price to be paid relating to foreign currency purchases, principally carbon and coal purchases

The commodity forward contracts fix the price of purchases of commodities including power, carbon and coal

**NOTES TO THE FINANCIAL STATEMENTS continued**

## 20 Provision for lıabılitıes and charges

| | At 1 January 2013 £m | Utılised ın the year £m | Unwındıng of the dıscount ın the year £m | Released ın the year £m | Arısıng durıng the year £m | **At 31 December 2013 £m** |
|---|---|---|---|---|---|---|
| Onerous contracts | 3 1 | (0 3) | 0 1 | (2 2) | - | **0.7** |
| Oblıgatıons under EU emıssıons | - | - | - | - | 77 0 | **77.0** |
| Renewable oblıgatıon certıficates | 220 1 | (220 1) | - | - | 304 6 | **304.6** |
| Restructurıng costs | 18 3 | (10 2) | - | - | - | **8 1** |
| Insurance | 1 6 | (0 7) | - | - | 1 1 | **2 0** |
| Legal dısputes | 1 0 | (1 0) | - | - | - | **-** |
| | 244 1 | (232 3) | 0 1 | (2 2) | 382 7 | **392 4** |

The provısıon for onerous contracts ıncludes provısıon for onerous leases and provısıon for other contracts whıch are antıcıpated to be onerous

The provısıons for oblıgatıons under EU emıssıons represent the addıtıonal certıficates requıred to cover the Group's carbon emıssıons ın excess of the free allocatıon of certıficates

The provısıon for renewable oblıgatıons certıficates represents the addıtıonal certıficates requıred to cover the Group's oblıgatıons to supply ıts customers wıth certaın amounts of electrıcıty whıch have been generated from renewable energy sources This provısıon wıll be utılısed ın 2014

The restructurıng provısıon covers the costs of severance related to the restructurıng programme whıch was announced ın 2009 It ıs expected to be utılısed fully ın 2014

The legal dısputes provısıon at 1 January 2013 relates to costs expected to be paıd out under a number of ongoıng legal cases Any uncertaıntıes wıthın the cases had been consıdered ın the calculatıon of the provısıon The provısıon was utılısed ın 2013

## 21. Share capital

| | **2013 Number** | 2012 Number | **2013 £m** | 2012 £m |
|---|---|---|---|---|
| **Allotted, called up and fully paıd** | | | | |
| Ordınary shares of £0 5833 each | **2,222,739,164** | 2,222,739,164 | **1,296.6** | 1,296 6 |

The Company has one class of ordınary share ın ıssue whıch carrıes no rıght to fixed ıncome

## NOTES TO THE FINANCIAL STATEMENTS continued

### 22. Reconciliation of shareholder's funds

| | Share capital £m | Share premium £m | Capital reserve £m | Redemption reserve £m | Profit and loss account £m | **Total shareholder's funds £m** |
|---|---|---|---|---|---|---|
| At 1 January 2012 | 1,296 6 | 13 9 | 1 9 | 11 0 | 1,719 7 | **3,043.1** |
| Profit for the year | - | - | - | - | 19 6 | **19.6** |
| Actuarial gain net of deferred tax on defined benefits pension | - | - | - | - | 52 2 | **52.2** |
| At 31 December 2012 | 1,296 6 | 13 9 | 1 9 | 11 0 | 1,791 5 | **3,114.9** |
| Profit for the year | - | - | - | - | 74 6 | **74.6** |
| Actuarial (loss) net of deferred tax on defined benefits pension | - | - | - | - | (16 2) | **(16.2)** |
| **At 31 December 2013** | **1,296.6** | **13.9** | **1.9** | **11 0** | **1,849.9** | **3,173.3** |

The capital reserve represented the costs incurred in providing favourable terms to employees in respect of shares in EDF SA as part of the initial public offering in 2005

The redemption reserve relates to the repurchase of its own shares by the company in 1994 and 1995, and their subsequent cancellation

### 23. Other financial commitments

The Company had given annual commitments under non-cancellable operating leases as at 31 December as set out below

| | **2013 £m** | 2012 £m |
|---|---|---|
| Operating leases which expire | | |
| Within one year | **1.7** | 0 7 |
| After one year but not more than five years | **8.2** | 8 4 |
| More than five years | **3.6** | 5 6 |
| | **13 5** | 14 7 |

The Company had received annual commitments under non-cancellable operating leases as at 31 December as set out below

| | **2013 £m** | 2012 £m |
|---|---|---|
| Operating leases which expire | | |
| Within one year | **0.1** | 0 2 |
| After one year but not more than five years | **3.1** | 3 1 |
| After more than five years | **0.0** | 0 3 |
| | **3.2** | 3 6 |

**NOTES TO THE FINANCIAL STATEMENTS continued**

### 24. Pension commitments

At the start of 2013, EDF Energy plc had two defined benefit pension schemes, EDF Energy Pension Scheme (EEPS) and the EDF Energy Generation Supply Group of the Electricity Supply Pension Scheme (EEGS) The Group closed its EEGS pension arrangements with effect from 29 February 2004 and the EDF Energy Pension Scheme replaced these for future service from 1 March 2004 EDF Energy Pension Scheme remains open for new employees

The Group allocates the EEPS and EEGS between entities based on which entity legally employed each employee at date of allocation, or the date that the employee ceased to be an employee of the Group The actuaries provided analysis of the share of deficit of each employee which was used to allocate the assets and liabilities of the scheme to each company

The latest full actuarial valuations of the EDF Energy Group of the EEGS and EEPS were carried out by AonHewitts, consulting actuaries, as at 31 March 2010 and were agreed on 29 March 2011 and 21 March 2011 respectively The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method

The principal financial assumptions used to calculate the pension liabilities under FRS 17 were

| | **31 December 2013 % p a.** | 31 December 2012 % p a |
|---|---|---|
| Discount rate | | |
| - EEGS | **4.4** | 4 6 |
| - EEPS | **4.4** | 4 8 |
| Retail price index ("RPI") inflation assumption | | |
| - EEGS | **3.5** | 3 1 |
| - EEPS | **3.5** | 3 2 |
| Rate of increase in salaries | | |
| - EEGS | **3.5** | 3 1 |
| - EEPS | **3.5** | 3 2 |
| Rate of increase of pensions increases | | |
| - full retail price indexation ("RPI") | **3.5** | 3 2 |
| - RPI up to 5% (EEPS – service to 31 March 2006) | **3.2** | 3 1 |
| - RPI up to 2 5% (EEPS – service from 31 March 2006) | **2.1** | 2 1 |

The table below shows details of assumptions around mortality rates used to calculate the pension liabilities

| | **31 December 2013 years** | 31 December 2012 years |
|---|---|---|
| **EEGS** | | |
| Life expectancy for current male pensioner aged 60 | **27** | 28 |
| Life expectancy for current female pensioner aged 60 | **30** | 30 |
| Life expectancy for future male pensioner currently aged 40 from age 60 | **29** | 30 |
| Life expectancy for future female pensioner currently aged 40 from age 60 | **32** | 32 |
| **EEPS** | | |
| Life expectancy for current male pensioner aged 65 | **23** | 22 |
| Life expectancy for current female pensioner aged 65 | **25** | 24 |
| Life expectancy for future male pensioner currently aged 45 from age 65 | **24** | 24 |
| Life expectancy for future female pensioner currently aged 45 from age 65 | **27** | 27 |

**NOTES TO THE FINANCIAL STATEMENTS continued**

## 24. Pension commitments continued

These assumptions are governed by FRS 17 and do not reflect the assumptions used by the independent actuary in the triennial valuation as at 31 March 2010, which determined the Company's contribution rate for future years

Pension disclosures relating to the Company are as follows

| | EEGS 2013 £m | EEPS 2013 £m | Total 2013 £m | Total 2012 £m |
|---|---|---|---|---|
| Present value of defined benefit obligations | (241.6) | (164 2) | (405 8) | (339 4) |
| Fair value of scheme assets | 220.7 | 138.4 | 359 1 | 304 2 |
| **Deficit in scheme** | (20.9) | (25.8) | (46 7) | (35 2) |
| Related deferred tax asset | 4.1 | 5.2 | 9.3 | 8 1 |
| **Liability recognised in the balance sheet** | (16 8) | (20.6) | (37.4) | (27 1) |

This amount is presented in pension liabilities

Amounts recognised in expenses in respect of these defined benefit schemes are as follows

| | EEGS 2013 £m | EEPS 2013 £m | Total 2013 £m | Total 2012 £m |
|---|---|---|---|---|
| Current service cost | 10 3 | 14.5 | 24.8 | 18 8 |
| Interest cost | 9 7 | 6.2 | 15.9 | 16 9 |
| Expected return on scheme assets | (8.9) | (5.9) | (14.8) | (13 6) |
| **Total operating cost** | 11 1 | 14.8 | 25.9 | 22 1 |

Of the charge for the year £24 8m (2012 £18 8m) has been included in personnel costs, net of recharges, and a net £1 1m interest charge (2012 £3 3m) has been included in interest payable and similar charges

The amounts recognised in the statement of total recognised gains and losses are as follows

| | Total 2013 £m | Total 2012 £m |
|---|---|---|
| At 1 January | 82.1 | 29 9 |
| Actuarial (loss)/gain | (19 5) | 70 5 |
| Deferred taxation credit/(charge) | 1.5 | (20 2) |
| Current tax credit | 1.8 | 1 9 |
| At 31 December | 65.9 | 82 1 |

## NOTES TO THE FINANCIAL STATEMENTS continued

### 24. Pension commitments continued

Movements in the present value of defined benefit obligations in the current period were as follows

| | EEGS 2013 £m | EEPS 2013 £m | Total 2013 £m | Total 2012 £m |
|---|---|---|---|---|
| At 1 January | 210 4 | 129.0 | 339.4 | 365 7 |
| Service cost | 10 3 | 14.5 | 24 8 | 18 8 |
| Interest cost | 9 7 | 6.2 | 15.9 | 16 9 |
| Actuarial losses /(gains) | 17 7 | 16.2 | 33 9 | (58 1) |
| Benefits paid | (6 5) | (1.7) | (8.2) | (8 0) |
| Contributions by employees | - | - | - | 4 1 |
| At 31 December | 241 6 | 164.2 | 405.8 | 339 4 |

Movements in the present value of fair value of scheme assets in the current period were as follows

| | EEGS 2013 £m | EEPS 2013 £m | Total 2013 £m | Total 2012 £m |
|---|---|---|---|---|
| At 1 January | 189.6 | 114.6 | 304.2 | 259 4 |
| Expected return on scheme assets | 8 9 | 5.9 | 14.8 | 13 6 |
| Actuarial gains | 12 3 | 2.1 | 14.4 | 12 4 |
| Contributions by employer | 10 6 | 15.4 | 26.0 | 14 8 |
| Benefits paid | (6 5) | (1.7) | (8.2) | (8 0) |
| Contributions by employees | - | - | - | 4 1 |
| Deficit payments | 5 8 | 2.1 | 7.9 | 7 9 |
| At 31 December | 220.7 | 138.4 | 359.1 | 304 2 |

The analysis of the scheme assets and the expected rate of return at the balance sheet date are as follows

| | Expected return | | Fair value of assets | | | |
|---|---|---|---|---|---|---|
| | 2013 % | 2012 % | EEGS 2013 £m | EEPS 2013 £m | Total 2013 £m | Total 2012 £m |
| Gilts - fixed | 3.6 | 2 7 | - | - | - | 6 8 |
| - index linked | 3.5 | 2 6 | 42 1 | - | 42 1 | 39 4 |
| Equities | 7.7 | 7 9 | 103.0 | 56 3 | 159 3 | 106 9 |
| Property | 7.3 | 6 9 | 2.5 | 10 7 | 13 2 | 17 3 |
| Corporate bonds | 4.4 | 4 1 | 57.2 | 42 7 | 99 9 | 75 3 |
| Cash | 0.9 | 1 0 | 15 9 | 28.7 | 44 6 | 58 5 |
| | | | 220 7 | 138.4 | 359 1 | 304 2 |

**NOTES TO THE FINANCIAL STATEMENTS continued**

## 24 Pension commitments continued

The history of experience adjustments is as follows

| | EEGS 2013 £m | EEPS 2013 £m | Total 2013 £m | Total 2012 £m | Total 2011 £m | Total 2010 £m | Total 2009 £m |
|---|---|---|---|---|---|---|---|
| Present value of defined benefit obligations | **(241.6)** | **(164.2)** | **(405 8)** | (339 4) | (365 7) | (299 9) | (256 9) |
| Fair value of scheme assets | **220.7** | **138.4** | **359 1** | 304 2 | 259 4 | 231 2 | 188 4 |
| **Liability recognised in the balance sheet** | **(20 9)** | **(25 8)** | **(46.7)** | (35 2) | (106 3) | (68 7) | (68 5) |
| Experience adjustments on scheme liabilities | 3 3 | (6 2) | **2.9** | 3 2 | - | 5 9 | 1 4 |
| Percentage of scheme liabilities | 1 4% | 3 8% | **0.7%** | 1 0% | - | 2 0% | 0 5% |
| Experience adjustments on scheme assets | **11.6** | **2 9** | **14.5** | 12 3 | (9 2) | 6 4 | 16 1 |
| Percentage of scheme assets | **5.3%** | **2 1%** | **4.0%** | 4 0% | 3 6% | 2 8% | 8 6% |

The estimated amounts of contributions expected to be paid to the scheme during the current financial year is £20 0m (2012 £20 2m) including deficit payments of £8 0m (2012 £8 0m) and employer contributions of £12 0m (2012 £12 2m)

## 25. Contingent liabilities

The Group has given letters of credit and guarantees to the value of £68m (2012 £85m) in relation to credit support for Energy trading and use of distribution systems, performance of contractual obligations and HMRC obligations

## 26. Related parties

In accordance with FRS 8 'Related party disclosures', the Company is exempt from disclosing transactions with entities that are part of the Group or investees of the Group qualifying as related parties, as it is a wholly-owned subsidiary of a parent, which prepares consolidated accounts which are publicly available

## 27. Post balance sheet events

With effect from 1 January 2014, the Group disposed of half of its interest in High Hedley Hope Wind Ltd, Kirkheaton Windfarm Ltd, Lewis Wind Power Ltd and EDF Energy Round 3 Isle of Wight Limited to EDF EN UK Limited, another subsidiary of the EDF SA As part of this transaction, the Group also purchased 50% in First Windfarm Holdings Ltd and Fenland Windfarms Ltd from EDF EN UK Ltd This resulted in a net cash payment to EDF EN UK Ltd of £5 4m The impact of this transaction is to ensure that the EDF SA stake in all UK windfarms is now shared between the Group and EDF EN UK Limited, a fellow subsidiary of EDF SA The impact of this transaction is neutral from the perspective of the ultimate parent company

**NOTES TO THE FINANCIAL STATEMENTS continued**

## 28. Parent undertaking and controlling party

EDF Energy Group Holdings plc holds a 100% interest in EDF Energy plc and is considered to be the immediate parent company EDF Energy Holdings Limited heads the smallest group for which consolidated accounts are prepared which include the results of the Company Copies of the Company's consolidated financial statements may be obtained from 40 Grosvenor Place, Victoria, London SW1X 7EN

At 31 December 2013, Électricité de France SA a company incorporated in France, is regarded by the Directors as the Company's ultimate parent company and controlling party This is the largest group for which consolidated financial statements are prepared Copies of that company's consolidated financial statements may be obtained from Electricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France