EDF ENERGY (SERVICES) LIMITED

Registered Number 2228168

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2009

CONTENTS

Page:

Directors

Thomas Kusterer
Laurent Ferrari

Secretary

Joe Souto

Auditors

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Registered Office

40 Grosvenor Place
Victoria
London
SW1X 7EN

DIRECTORS' REPORT

The Directors present their annual report and financial statements for the year ended 31 December 2009

Principal activities and review of the business

The Company's principal activity during the year continued to be the management of various electricity distribution systems It will continue in this activity for the foreseeable future

Business Review

The profit for the year, before taxation, amounted to £38,690,000 (2008 £33,602,000) and after taxation, to £28,120,000 (2008 £22,567,000) No dividends were paid in the year (2008 £nil)

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

Future developments

The Directors regard the results for the year and the year end financial position as satisfactory and expect the Company to continue to perform to a satisfactory level in the future The future ownership of the Company is dependent on the current process by the EDF Energy Group, headed by Electricité de France SA, to evaluate ownership options for elements of its business in the United Kingdom which include this Company This is part of the group strategy to reduce debt in 2010

Directors

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

Humphrey A E Cadoux-Hudson	(Resigned 1 April 2009)
Thomas Kusterer	(Appointed 1 April 2009)
Laurent Ferrari	

None of the Directors had a service contract with the Company in the current or prior year They are all employed by the parent company, EDF Energy plc, and have service contracts with that company

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

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet the only financial risks the Directors consider relevant to this Company are credit risk and liquidity risk The Directors review and agree policies for managing each of these risks and these are summarised below The policies remain unchanged from that of the prior year

Credit and liquidity risk

The Company's exposure to credit and liquidity risk is reduced as it is a 100% subsidiary of the EDF Energy Group of Companies The Company's principal financial assets are trade debtors and amounts owed from Group companies Credit risk is mitigated by the nature of the debtor balances owed, as the other group companies are able to repay their debts if required Liquidity risk is mitigated by the financial support given by EDF Energy plc, the immediate parent Short term liquidity flexibility is achieved through the use of overdraft facilities

DIRECTORS' REPORT continued

Going Concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements

Creditors payment policy

The Company's current policy concerning the payment of its trade creditors and other suppliers is to

- settle the terms of payment with those creditors/suppliers when agreeing the terms of each transaction,
- ensure that those creditors/suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with its contractual and other legal obligations

The payment policy applies to all payments to creditors/suppliers for revenue and capital supplies of goods and services without exception At 31 December 2009, the Company had an average of 6 days purchases outstanding in its trade creditors (2008 nil days)

Employees

The Company's policies and procedures relating to Health and Safety at work are kept under constant review to ensure a safe and healthy working environment for all employees

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting their employment and on the various factors affecting the performance of the Company and Group This is carried out in a number of ways, including formal and informal briefings, departmental meetings and regular reports in staff newsletters and on the Group intranet

Equal opportunities

The Company is fully committed to ensuring that all current and potential future employees and customers are treated fairly and equally, regardless of their gender, marital status, disability, race, colour, nationality or ethnic origin in accordance with the appropriate legislation and Government guidelines The Company provides equal opportunities for employment, training and development, having regard to particular aptitudes and abilities In the event of employees becoming disabled during employment, where possible, assistance and retraining is given so that they may attain positions compatible with their ability

Political and charitable contributions

During the year, the Company made various charitable contributions totalling £848 (2008 £488) and no political contributions (2008 £nil)

DIRECTORS' REPORT continued

Disclosure of information to Auditors

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

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware, and

- the Director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information

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

Auditors

On 6 July 1999 the Company passed an elective resolution dispensing with the requirement to appoint auditors annually In accordance with s485 of the Companies Act 2006, Deloitte LLP are deemed re-appointed until such time as the members or the Directors determine otherwise

Approved by the Board and signed on its behalf by -

L Ferrari
Director
18 March 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the affairs of the Company and of the profit and loss of the Company for the period In preparing these 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 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 proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDF ENERGY (SERVICES) LIMITED

We have audited the financial statements of EDF Energy (Services) Ltd for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 20 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 auditors' 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 Auditors
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 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 (APB'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

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 2009 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 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

Makhan Chahal (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
18 March 2010

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £000	2008 £000
Turnover	2	**67,136**	74,385
Gross profit		**67,136**	74,385
Distribution expenses		**(8,790)**	(7,912)
Administrative expenses		**(16,355)**	(21,130)
Profit on ordinary activities before interest and taxation	3	**41,991**	45,343
Interest payable and similar charges	7	**(3,301)**	(11,741)
Profit on ordinary activities before taxation		**38,690**	33,602
Tax on profit on ordinary activities	8	**(10,570)**	(11,035)
Profit for the financial year	16	**28,120**	22,567

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 2009

	Note	2009 £000	2008 £000
Profit for the financial year		**28,120**	22,567
Actuarial (loss)/gain net of deferred tax on defined benefit pensions	18	**(2,180)**	29
Total recognised gain relating to the year		**25,940**	22,596

The deferred tax credit (2008 charge) reflected in the actuarial loss (2008 gain) net of deferred tax on defined benefit pensions amounted to £848,000 (2008 £11,000)

BALANCE SHEET
AT 31 DECEMBER 2009

	Note	2009 £000	2008 £000
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	**277,859**	280,404
Total fixed assets		**277,859**	280,404
Current assets			
Stocks	11	**118**	201
Debtors			
- due within one year	12	**3,060**	8,749
- due after one year	12	**35,574**	36,098
Total current assets		**38,752**	45,048
Creditors: amounts falling due within one year	13	**(165,088)**	(203,483)
Net current liabilities		**(126,336)**	(158,435)
Total assets less current liabilities		**151,523**	121,969
Provisions for liabilities and charges	14	**(38,271)**	(36,568)
Net assets excluding pension liability		**113,252**	85,401
Pension liability	18	**(2,679)**	(735)
Net assets		**110,573**	84,666
Called up share capital	15	**10,100**	10,100
Capital reserves	16	-	18
Profit and loss account	16	**100,473**	74,548
Shareholder's funds	16	**110,573**	84,666

The financial statements of EDF Energy (Services) Limited, registered number 2228168 on pages 7 to 23 were approved by the Board of Directors on 18 March 2010
and were signed on its behalf by

L Ferrari
Director

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

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

Basis of preparation

These financial statements have been prepared under the historical cost convention except as noted below in respect of Share based payments and in accordance with applicable United Kingdom law and accounting standards

Going concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, 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 plc whose consolidated accounts include a cash flow statement and are publicly available

Intangible assets - Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Tangible fixed assets

The cost of individual tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition Cost includes staff costs where employees participate directly in the construction of assets 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 or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows

Operational assets		
Network assets excluding cable	–	Over 30 years
Cable	–	Over 50 years
Leasehold land and buildings	–	Shorter of lease term or 40 years
Non operational assets		
Fixtures and equipment	–	Over 5 years
Motor vehicles	–	Over 5 years
Software	–	Over 5 years
IT equipment	–	Over 3 years

Assets in the course of construction are not depreciated

NOTES TO THE FINANCIAL STATEMENTS Continued

1. Accounting policies continued

Stocks

Stocks are stated at the lower of cost and net realisable value Cost includes all costs incurred in bringing each product to its present location and condition, as follows

Work in progress

- Cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated contract value less any further costs expected to be incurred to completion and disposal

Provisions are made for obsolete, slow moving or defective items where appropriate

Long term contracts

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses Turnover is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract

In assessing contractual performance, the amounts recorded are dependent upon negotiations with customers, which are often complex and unlikely to be resolved in the short term Accordingly, management have made their best estimate of the likely future outcomes based upon the information currently available to them

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 revalued fixed assets only where there is a commitment to dispose of the revalued 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

Operating Leases

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

NOTES TO THE FINANCIAL STATEMENTS Continued

1. Accounting policies continued

Pensions

Employees of the Company participate in a number of group-wide funded defined benefit pension arrangements 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 in respect of the scheme 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

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, 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 of 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

Share based payments

EDF Energy plc's ultimate parent company, Electricité de France S A ("EDF") is partially listed on Euronext, the French stock exchange Any share-based payments to employees are measured at fair value at the date the shares are issued The fair value is measured using the Black-Scholes model, taking into account any preferential terms offered to staff such as discounts and free shares Any Company contribution to the scheme is charged to the profit and loss account in the period in which it arises, at the fair value determined by the model A corresponding amount is recognised as a capital contribution from EDF within equity

Any share-based payments to employees which are not issued to employees but transferred (i e no additional share capital) and equity settled are valued at market value on date of announcement Any contribution to the scheme is charged to the profit and loss account in the period in which it arises, at the fair value determined, and apportioned in a straight-line basis over the vesting period A corresponding amount is recognised as a capital contribution from EDF within equity Any repayment required to EDF is measured at the market value of the period end and recognised as a liability and reduced capital contribution

2. Turnover

Turnover, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to the continuing activity of the management of various electricity distribution systems

3. Profit on ordinary activities before interest and taxation

This is stated after charging/(crediting)	**2009** **£000**	2008 £000
Depreciation of fixed assets - owned	**11,052**	10,980
Operating lease rentals		
- Other	**432**	376
- Land and Buildings	**222**	328
Profit on disposal of fixed assets	**(6,279)**	(4,384)

Fees payable by the Company to Deloitte LLP and their associates for the audit of the Company's annual accounts amounted to £22,000 (2008 £22,000) Fees payable for non audit services were £nil (2008 £nil)

NOTES TO THE FINANCIAL STATEMENTS Continued

4. Directors' emoluments

All Directors are employees of EDF Energy plc and did not receive any remuneration for services to the Company during the year or preceding year

5. Staff costs

	2009 £000	2008 £000
Wages and salaries	**5,740**	5,100
Social security costs	**522**	452
Other pension costs	**613**	569
Share based payment (note 6)	**65**	110
	6,940	6,231

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

	2009 Number	2008 Number
Indirect	**69**	45
Direct	**72**	71
	141	116

NOTES TO THE FINANCIAL STATEMENTS Continued

6 Share based payments

ACT 2007

On 30 August 2007 the ultimate parent company, EDF announced ACT 2007, a Free Award Share Plan This plan entitles all persons who, on 30 of August 2007, were bound by an employment contract with EDF Energy or one of its subsidiaries, a free distribution of EDF ordinary shares in accordance with the Rules and Regulations of the plan Each beneficiary was notified of the number of shares, the vesting and holding periods applicable to them and had right of refusal of the plan

Each employee who agreed to take part in the plan was guaranteed to receive 10 free shares Over and above this, employees received an additional number of shares proportional to their salary, calculated on the basis of the actual paid June 2007 annual salary, excluding any other variable compensation items such as bonuses, profit sharing etc The number of shares any one beneficiary received was capped at 50 shares

The Award and contract period became final and the beneficiaries issued shares in August 2009 for those employees meeting the Presence criteria since the Performance criteria based on the group's EBITDA target was met

The employees received the shares at the market value prevailing on the date of the award After this point the beneficiary is required to keep and not transfer the shares for the holding period relevant to them

ACT 2007 Impact

	2009	2008
	£000	£000
At 1 January	**18**	(8)
Granted during the year	**65**	61
Change in liability	**(98)**	(35)
At 31 December	**(15)**	18

The value of the shares granted during the year represents the charge in the Profit and Loss statement This is accounted for at the share price (basic price) on date of announcement of the plan being €72 50 or £48 99 The balance of the liability is nil since the shares have vested in the year The difference represents the amount that has been debited to reserves over the life of the scheme

7 Interest payable and similar charges

	2009	2008
	£000	£000
Net interest cost on pension scheme (note 18)	**89**	29
Interest due on bank overdraft	**3,212**	11,712
	3,301	11,741

NOTES TO THE FINANCIAL STATEMENTS Continued

8 Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

	2009	2008
UK current tax	**£000**	£000
UK corporation tax charge on profit for the year	**9,426**	7,718
Adjustment in respect of previous years	**(651)**	(539)
Total current tax charge (note (b))	**8,775**	7,179
UK deferred tax		
Origination and reversal of timing differences	**1,757**	2,775
Adjustment in respect of previous years	**38**	1,081
Total deferred tax charge	**1,795**	3,856
Total tax charge on profit on ordinary activities	**10,570**	11,035

(b) Factors affecting tax charge for the year

	2009	2008
	£000	£000
The tax assessed for the year is lower (2008 lower) than the standard rate of corporation tax in the UK		
The differences are explained below		
Profit on ordinary activities before taxation	**38,690**	33,602
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28 0% (2008 28 5%)	**10,833**	9,577
Effect of		
Disallowed expenses and non-taxable income	**350**	965
Capital allowances in excess of depreciation	**(1,635)**	(2,803)
Movement in pension liability	**(92)**	(55)
Other timing differences	**(30)**	34
Adjustment in respect of previous years	**(651)**	(539)
Current tax charge for the year	**8,775**	7,179

NOTES TO THE FINANCIAL STATEMENTS Continued

9. Intangible fixed assets

Goodwill	2009 £000
Cost	
At 1 January and 31 December 2009	**1,314**
Amortisation	
At 1 January and 31 December 2009	**1,314**
Net book value	
At 31 December 2009	**-**
At 31 December 2008	-

The carrying value of goodwill was impaired to nil at the end of 2007 as it was established that no future economic benefits were likely to be derived from this asset

10 Tangible fixed assets

	Network assets	Assets in the course of construction	Non-operational land and buildings	Fixtures & equipment	**Total**
	£000	£000	£000	£000	**£000**
Cost					
At 1 January 2009	302,043	15,140	247	13,170	**330,600**
Additions	-	8,858	-	-	**8,858**
Transfers	14,294	(14,339)	-	45	**-**
Disposals	(561)	-	-	(360)	**(921)**
At 31 December 2009	**315,776**	**9,659**	**247**	**12,855**	**338,537**
Depreciation					
At 1 January 2009	43,260	-	247	6,689	**50,196**
Charge for the year	8,828	-	-	2,224	**11,052**
Disposals	(233)	-	-	(337)	**(570)**
At 31 December 2009	**51,855**	**-**	**247**	**8,576**	**60,678**
Net book value					
At 31 December 2009	**263,921**	**9,659**	**-**	**4,279**	**277,859**
At 31 December 2008	258,783	15,140	-	6,481	280,404

NOTES TO THE FINANCIAL STATEMENTS Continued

11. Stocks

	2009 £000	2008 £000
Work in progress	**118**	201

12 Debtors

	2009 £000	2008 £000
Debtors: amounts falling due within one year		
Trade debtors	**2,577**	6,602
Amounts owed by Group undertakings	**308**	1,993
Other debtors	**89**	127
Prepayments and accrued income	**86**	27
	3,060	8,749
Debtors: amounts falling due after more than one year		
Prepayments and accrued income	**35,574**	36,098
	38,634	44,847

13. Creditors: amounts falling due within one year

	2009 £000	2008 £000
Bank overdraft	**139,613**	179,745
Trade creditors	**289**	-
Other creditors	**17**	79
Amounts owed to Group undertakings	**2,644**	4,134
Other taxation	**617**	628
Corporation tax (Group payments)	**19,760**	13,049
Accruals and deferred income	**2,148**	5,848
	165,088	203,483

EDF Energy plc, the immediate parent company, guarantees the bank overdraft within the terms of a cash pooling agreement with HSBC

NOTES TO THE FINANCIAL STATEMENTS Continued

14 Provisions for liabilities and charges

The movements in provisions during the current year are as follows

	At 1 January 2009 £000	Arising during the year £000	**At 31 December 2009 £000**
Deferred tax	36,568	1,703	**38,271**
	36,568	**1,703**	**38,271**

Deferred taxation provided in the financial statements is as follows

	2009 £000	2008 £000
Accelerated capital allowances	**38,285**	36,568
Other timing differences	**(14)**	-
Provision for deferred tax	**38,271**	36,568

The movements in deferred taxation are as follows

	At 1 January 2009 £000	Profit and loss account £000	Statement of total recognised gains and losses £000	**At 31 December 2009 £000**
Provision for deferred tax	36,568	1,703	-	**38,271**
Deferred tax shown against pension liability	(286)	92	(848)	**(1,042)**
	36,282	**1,795**	**(848)**	**37,229**

15. Share capital

Authorised	**2009 Number**	2008 Number	**2009 £000**	2008 £000
Ordinary shares of £1 each	**15,000,000**	15,000,000	**15,000**	15,000

Allotted, called up and fully paid	**2009 Number**	2008 Number	**2009 £000**	2008 £000
Ordinary shares of £1 each	**10,100,000**	10,100,000	**10,100**	10,100

NOTES TO THE FINANCIAL STATEMENTS Continued

16 Reconciliation of shareholder's funds

	Share Capital £000	Capital Reserves £000	Profit and loss account £000	**Total share-holder's funds £000**
At 1 January 2008	10,100	(8)	51,952	**62,044**
Profit for the year	-	-	22,567	**22,567**
Share based payment (note 6)	-	26	-	**26**
Actuarial gain net of deferred tax on defined benefit pensions (note 18)	-	-	29	**29**
At 31 December 2008	10,100	18	74,548	**84,666**
Profit for the year			28,120	**28,120**
Share based payment (note 6)	-	(33)	-	**(33)**
Transfer to profit and loss account	-	15	(15)	-
Actuarial loss net of deferred tax on defined benefit pensions (note 18)	-	-	(2,180)	**(2,180)**
At 31 December 2009	**10,100**	-	**100,473**	**110,573**

17. Financial commitments

Amounts contracted for but not provided in the financial statements amounted to £49,810,000 (2008 £59,700,000)

At 31 December 2009 the Company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2009 £000	**Other 2009 £000**	Land and buildings 2008 £000	Other 2008 £000
Operating leases which expire				
Within one year	-	**52**	-	29
In two to five years	**67**	**298**	119	313
In over five years	**209**	**3**	209	4
	276	**353**	328	346

18. Pension commitments

Employees of the Company participate in a number of group-wide funded defined benefit pension arrangements, and the Company accounts for these schemes in accordance with FRS 17

The principal pension schemes of EDF Energy plc are the EDF Energy Pension Scheme ("EEPS") and the EDF Energy Group of the Electricity Supply Pension Scheme ("ESPS") Both of these schemes are defined benefit schemes On 1 September 2005 the EDF Energy Group of the ESPS was created by the merger of the Company's two ESPS Groups, the London Electricity Group of the ESPS and the SEEBOARD Group of the ESPS The London Electricity Group and SEEBOARD Group of the ESPS closed to new employees in April 1994 and July 1995 respectively New employees were offered membership of the following schemes the SEEBOARD final Salary Pension Plan, the London Electricity 1994 Retirement Plan (LERP), the 24seven Group Personal Pension Plan (24seven GPP), and the SEEBOARD Pension Investment Plan The first of these schemes was a defined benefit scheme whilst all the others are defined contribution schemes

NOTES TO THE FINANCIAL STATEMENTS Continued

18 Pension commitments continued

The EDF Energy Group closed its non-ESPS pension arrangements (the London Electricity 1994 Retirement Plan, the SEEBOARD Final Salary Pension Plan, the SEEBOARD Pension Investment Plan, and the 24seven Group Personal Pension Plan) with effect from 29 February 2004 A new scheme, the EDF Energy Pension Scheme, a final salary arrangement, replaced these for future service from 1 March 2004 A special contribution of £2 million was made to the EDF Energy Pension Scheme at inception, and the regular ongoing employer's contribution has been assessed as 10% of pensionable pay This contribution rate will be reviewed as a result of future actuarial valuations

The latest full actuarial valuation of the EDF Energy Group of the ESPS and EEPS was carried out by Hewitt Bacon & Woodrow, consulting actuaries, as at 31 March 2007 The valuation was agreed on 25 January 2008, at the same time that a special contribution was agreed to fund the ESPS deficit over an 8 year period to 31 March 2015 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 ESPS and EEPS liabilities under FRS 17 were

	2009	2008
	%p.a.	%p a
Discount rate		
- ESPS	**5.7**	6 5
- EEPS	**5.6**	6 5
Inflation assumption		
- ESPS	**3.6**	2 6
- EEPS	**3.8**	2 6
Rate of increase in salaries		
- ESPS	**5.6**	4 6
- EEPS	**5.3**	4 1
Rate of increase of pensions increases RPI		
- full retail price indexation ("RPI")	**3.6**	2 6

The table below shows details of assumptions around mortality rates used to calculate the FRS 17 ESPS and EEPS liabilities

	31 December 2009 years	31 December 2008 years
Life expectancy for current male pensioner aged 60	**27.2**	27 0
Life expectancy for current female pensioner aged 60	**30.5**	30 4
Life expectancy for future male pensioner currently aged 40 from age 60	**30.0**	29 9
Life expectancy for future female pensioner currently aged 40 from age 60	**31.8**	31 7

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 2007, which determined the Company's contribution rate for future years

NOTES TO THE FINANCIAL STATEMENTS Continued

18. Pension commitments continued

The amount recognised in the balance sheet in respect of the Company's defined benefit retirement benefit plan is as follows

	ESPS 2009 £000	EEPS 2009 £000	Total 2009 £000	Total 2008 £000
Fair value of scheme assets	8,122	2,731	10,853	8,810
Present value of defined benefit obligations	(11,107)	(3,467)	(14,574)	(9,831)
Deficit in scheme	(2,985)	(736)	(3,721)	(1,021)
Related deferred tax asset	836	206	1,042	286
Liability recognised in balance sheet	(2,149)	(530)	(2,679)	(735)

This amount is presented in pension liabilities

Amounts recognised in the profit and loss account in respect of the defined benefit schemes are as follows

	ESPS 2009 £000	EEPS 2009 £000	Total 2009 £000	Total 2008 £000
Current service cost	(234)	(189)	(423)	(635)
Past service credit	-	-	-	66
Interest cost	(525)	(84)	(609)	(649)
Expected return on scheme assets	411	109	520	620
	(348)	(164)	(512)	(598)

Of the charge for the year, £423,000 (2008 £569,000) has been included in staff costs and an expense of £89,000 (2008 £29,000) has been included in interest

The estimated amount of contributions expected to be paid to the schemes during 2010 is £832,000

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

	ESPS 2009 £000	EEPS 2009 £000	Total 2009 £000	Total 2008 £000
At 1 January	(8,192)	(1,639)	(9,831)	(11,314)
Current service cost	(234)	(189)	(423)	(635)
Past service credit	-	-	-	66
Interest cost	(525)	(84)	(609)	(649)
Actuarial (loss)/gain	(2,578)	(1,382)	(3,960)	2,403
Benefits paid/(received)	422	(173)	249	298
At 31 December	(11,107)	(3,467)	(14,574)	(9,831)

NOTES TO THE FINANCIAL STATEMENTS Continued

18 Pension commitments continued

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

	ESPS 2009 £000	EEPS 2009 £000	Total 2009 £000	Total 2008 £000
At 1 January	7,043	1,767	8,810	10,061
Expected return on scheme assets	411	109	520	620
Actuarial gain/(loss)	639	293	932	(2,363)
Contributions by employer	316	364	680	569
Deficit payment	135	25	160	221
Benefits (paid)/received	(422)	173	(249)	(298)
At 31 December	8,122	2,731	10,853	8,810

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

	Expected Return		Fair value of assets			
	2009	2008	2009 ESPS	2009 EEPS	2009 Total	2008 Total
	%	%	£000	£000	£000	£000
Gilts - fixed	4 6	3 9	869	-	869	1,957
- index linked	4 5	3 8	918	-	918	926
Equities	8.2	7 5	3,485	1,186	4,671	4,094
Property	8.7	6 5	177	82	259	221
Corporate bonds	5 9	5 6	2,304	1,134	3,438	1,498
Cash	0 7	3 2	369	329	698	114
			8,122	2,731	10,853	8,810

EDF Energy plc group employs a building block approach in determining the long term rate of return on pension plan assets Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles The assumed long term rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for each of ESPS and EEPS as at 31 December 2009

The actual return on scheme assets in the year was a gain of £1,452,000 (2008 loss £1,743,000)

NOTES TO THE FINANCIAL STATEMENTS Continued

18 Pension commitments continued

History of experience gains and losses are as follows

	2009	2008	2007	2006	2005
	£000	£000	£000	£000	£000
Fair value of scheme assets	**10,853**	8,810	10,061	8,918	7,760
Present value of defined benefit obligations	**(14,574)**	(9,831)	(11,314)	(10,246)	(9,309)
Deficit in the scheme	**(3,721)**	(1,021)	(1,253)	(1,328)	(1,549)
Experience adjustments on scheme liabilities					
Amount (£000)	**(91)**	161	(408)	(14)	(80)
Percentage of scheme liabilities (%)	**0.6**	1 6	3 6	0 1	0 9
Experience adjustments on scheme assets					
Amount (£000)	**932**	(2,363)	30	86	743
Percentage of scheme assets (%)	**8.6**	26 8	0 3	1 0	9 6

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

	ESPS	**EEPS**	**Total**	Total
	2009	**2009**	**2009**	2008
	£000	**£000**	**£000**	£000
At 1 January	**(322)**	**321**	**(1)**	(30)
Actuarial (loss)/gain	**(1,939)**	**(1,089)**	**(3,028)**	40
Deferred taxation	**543**	**305**	**848**	(11)
At 31 December	**(1,718)**	**(463)**	**(2,181)**	(1)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is a loss of £2,181,000 (2008 £1,000)

19. 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

20 Parent undertaking and controlling party

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

At 31 December 2009, Electricité de France SA ('EDF'), 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 accounts 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