EDF ENERGY CUSTOMERS PLC

Registered Number 2228297

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2007

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Directors

Humphrey A E Cadoux-Hudson
Vincent de Rivaz
Eva Eisenschimmel

Company Secretary

Robert Ian Higson

Auditors

Deloitte & Touche LLP
London

Registered Office

40 Grosvenor Place
Victoria
London
SW1X 7EN

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 December 2007

Principal activity and review of the business

The Company's principal activity during the year continued to be the supply of electricity and gas to commercial, residential and industrial customers It will continue with these activities for the foreseeable future

Results and dividends

The loss for the year, before taxation, amounted to £151 8m (2006 £203 3m) and after taxation, to £118 1m (2006 £148 1m) The Directors do not recommend payment of a dividend (2006 £nil)

EDF Energy plc, an intermediate holding company, manages the Company and other subsidiaries' operations on a group basis For this reason and as a result of the nature of this Company the 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 EDF Energy plc and its subsidiaries ("the Group") which includes the Company is discussed in the Group's Annual Report which does not form part of this report

Directors and their interests

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

Humphrey A E Cadoux-Hudson
Vincent de Rivaz
Eva Eisenschimmel

None of the Directors has a service contract with the Company They are all employed by the parent company, EDF Energy plc, and have contracts with that company

There are no contracts of significance during or at the end of the financial year in which a Director of the Company was materially interested

None of the Directors who held office at the end of the financial year had any interest in the shares of the Company or any other Group company required to be disclosed under Schedule 7A of the Companies Act

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

Risk management

The main risks faced by the Company through its normal business activities are market price risk and credit risk These risks and the Company's approach to dealing with them are described below

Market price risk arises from the requirement to forecast customer demand for gas and electricity and purchase gas, coal and electricity to meet such demand Due to the vertically integrated nature of the Group the electricity procured from the generation business provides a natural hedge for the electricity demand from the retail business Any residual exposure to movements in the price of electricity, gas or coal is mitigated by entering into contracts and hedging options on the forward markets Risk of loss is monitored through establishment of approved counterparties and maximum counterparty limits and minimum credit ratings

DIRECTORS' REPORT continued

The Company's credit risk is primarily attributable to its trade receivables The amounts presented in the balance sheet are net of allowance for doubtful receivables estimated by the Company's management based on prior experience and their assessment of the current economic environment The Company has no significant concentration of credit risk with exposure spread over a large number of customers Management have put in place a credit control function to monitor and chase the aged receivables or take appropriate actions in case of failure to receive the amounts due

The Group's risks are discussed in the Group's Annual Report which does not form part of this report

Charitable contributions

During the year, the Company made various charitable contributions totalling £2,467,000 (2006 £31,000)

Creditors payment policy

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

- agree 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 2007, the Company had an average of 2 days (2006 3 days) purchases outstanding in its trade creditors

Employee involvement

The Company keeps its employees informed on matters affecting them relating to the EDF Energy 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, age, marital status, disability, race, colour, nationality or ethnic origin 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

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 s234ZA of the Companies Act 1985

DIRECTORS' REPORT continued

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

By order of the Board

Robert Ian Higson
Company Secretary
Date
3rd July 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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) The financial statements are required by law to 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 judgments 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 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 1985 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 CUSTOMERS PLC

We have audited the financial statements of EDF Energy Customers plc for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 23 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 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

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
Date 3 July 2008

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £m	2006 £m
Turnover	2	**4,612.2**	4,647 6
Cost of sales		**(4,253.2)**	(4,424 5)
Gross profit		**359.0**	223 1
Administrative expenses		**(509.3)**	(426 0)
Operating loss on ordinary activities before investment income, interest and taxation	3	**(150.3)**	(202 9)
Income from fixed asset investments	7	**0.1**	-
Interest receivable and similar income	8	**20.3**	21 8
Interest payable and similar charges	9	**(21.9)**	(22 2)
Loss on ordinary activities before taxation		**(151.8)**	(203 3)
Tax on loss on ordinary activities	10	**33.7**	55 2
Loss for the financial year	19	**(118.1)**	(148 1)

All results are from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £m	2006 £m
Loss for the financial year	19	**(118.1)**	(148 1)
Actuarial gain net of deferred tax on defined benefit pensions	20	**1.6**	3 6
Change in tax rate	15	**(0.1)**	-
Total recognised losses relating to the year		**(116.6)**	(144 5)

BALANCE SHEET
AT 31 DECEMBER 2007

	Notes	2007 £m	2006 £m
Fixed assets			
Intangible assets	11	**462.0**	514 7
Tangible assets	12	**87.8**	82 8
Investments in subsidiary undertakings	13	**0.1**	0 1
Total fixed assets		**549.9**	597 6
Current assets			
Debtors amounts falling due within one year	14	**1,270.3**	1,666 0
Cash		**-**	498 9
		1,270.3	2,164 9
Creditors amounts falling due within one year	16	**(2,147.8)**	(2,956 1)
Net current liabilities		**(877.5)**	(791 2)
Total assets less current liabilities		**(327.6)**	(193 6)
Provisions for liabilities	17	**(3.5)**	(17 6)
Net liabilities excluding pension liability		**(331.1)**	(211 2)
Pension liability	20	**(24.7)**	(27 8)
Net liabilities		**(355.8)**	(239 0)
Capital and reserves			
Called up share capital	18	**10.0**	10 0
Capital reserves	19	**(0.2)**	-
Profit and loss account	19	**(365.6)**	(249 0)
Shareholders' deficit	19	**(355.8)**	(239 0)

The financial statements on pages 7 to 23 were approved by the Board of Directors on 3rd July 2008 and were signed on its behalf by

Humphrey A E Cadoux-Hudson
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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 on a consistent basis under the historical cost convention except for Share-based payments and in accordance with applicable law and United Kingdom Generally Accepted Accounting Practices (UK GAAP)

Consolidation

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

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 financial statements include a cash flow statement and will be publicly available (see note 23)

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

Intangible fixed assets are written off over the following periods

Licences	–	Ten years
Goodwill	–	Twenty years

Tangible fixed 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, less estimated residual value based on prices prevailing at the date of acquisition, of each asset 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

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

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 revalued fixed assets only where there is a commitment to dispose of the revalued assets and the attributable gain can neither be rolled over or 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

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

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 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 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

Share-based payments

EDF Energy plc's ultimate parent company, Electricité de France S A ("EDF") is listed on Euronext, the French stock exchange 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 income statement 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

NOTES TO THE FINANCIAL STATEMENTS continued

2. Turnover

Turnover, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to the continuing and acquired activities of supply of electricity and gas and the activity of meter reading and related services This includes an estimate of the sales value of units and therms supplied to customers between the date of the last meter reading and the year-end, and the invoice value of other goods sold and services provided Revenue from sales of electricity and gas is recognised in the period during which the output is delivered

3. Operating loss

This operating loss for the year is stated after charging	**2007 £m**	2006 £m
Depreciation of fixed assets – owned	**18.7**	17 4
Amortisation of goodwill	**13.8**	13 8
Amortisation of licences	**38.9**	38 9
Operating lease rentals – vehicles	**4.6**	4 3

In 2007 an amount of £85,000 (2006 £75,159) was paid to Deloitte & Touche LLP for audit services This charge was borne by another Group company in both the current and prior year In 2007, amounts payable to Deloitte & Touche LLP by the Company in respect of non-audit services was £6,700 (2006. £10,000)

4. Directors' emoluments

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

No Director (2006 none) held any interests in the shares or debentures of the Company or the Group required to be disclosed under Schedule 7 of the Companies Act 1985

Emoluments paid by other Group companies to EDF Energy Customers plc Directors not disclosed in other Group accounts are as follows

	2007 £000	2006 £000
Emoluments	**293**	626

	2007 Number	2006 Number
Members of defined benefit pension scheme	**1**	1

Emoluments payable to the highest paid Director were as follows	**2007 £000**	2006 £000
Aggregate emoluments	**293**	626

The highest paid director is a member of the company's defined benefit pension scheme and had accrued entitlements of £4,000 (2006 £nil) under the scheme at the end of the year

NOTES TO THE FINANCIAL STATEMENTS continued

5. Staff costs

	2007 £m	2006 £m
Wages and salaries	**144.3**	109 8
Social security costs	**10.4**	10 0
Pension costs	**15.9**	13 9
Share based payments (note 6)	**1.1**	-
Recharged from other Group companies	**8.9**	8 7
	180.6	142 4

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

	2007 Number	2006 Number
Administration	**6,234**	5,307

6. Share-based payments

On 30 August 2007 the ultimate parent company, EDF announced ACT 2007, the 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 is guaranteed to receive 10 free shares Over and above this, employees will receive 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 can receive is capped at 50 shares

The Award and contract period will become final and the beneficiaries will be issued the shares at the end of the vesting period of 2 years, if, at this date both the Performance and Presence criteria have been fulfilled These criteria are

- Performance Criteria This is based on the EDF group meeting their EBITDA target over the period 2006-2008 The decision as to whether the Performance Criteria has been met will be assessed on the date of the release of the annual consolidated results of EDF Group for the financial year 2008
- Presence Criteria Each beneficiary must be continuously bound by an employment contract with EDF Energy or one of it's subsidiaries throughout the vesting period

The employees will receive 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

NOTES TO THE FINANCIAL STATEMENTS continued

6. Share based payments continued

ACT 2007 impact	2007 £m	2006 £m
At 1 January	-	-
Granted during the period	1.1	-
Future liability	(1.3)	-
At 31 December (note 19)	**(0.2)**	-

The value of the shares granted during the period 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 valued at the closing share price at 31 December 2007 of €81 48 or £59 75 The difference represents the amount that has been debited to reserves during the period

7. Income from fixed asset investments

	2007 £m	2006 £m
Dividends from other investments	0.1	-

The investment comprises a 4 92 % holding in Gemserv Limited which is incorporated in Great Britain This investment is held at £nil cost (2006 £nil)

8. Interest receivable and similar income

	2007 £m	2006 £m
Interest receivable on loans to other Group companies	15.3	16 7
Other interest receivable	3.4	2 4
Net return on pension scheme (note 20)	1.6	2 7
	20.3	21 8

9. Interest payable and similar charges

	2007 £m	2006 £m
Interest payable on loans from other Group companies	6.4	5 4
Other loans	15.5	16 8
	21.9	22 2

NOTES TO THE FINANCIAL STATEMENTS continued

10. Tax on loss on ordinary activities

(a) Analysis of tax credit in the year

UK current tax

	2007 £m	2006 £m
UK corporation tax credit on loss for the year	**(38.2)**	(48 5)
Adjustment in respect of previous periods	**1.9**	(8 8)
Total current tax credit (note 10(b))	**(36 3)**	(57 3)

UK deferred tax

	2007 £m	2006 £m
Origination and reversal of timing differences	**6.8**	8 0
Adjustment in respect of previous periods	**(4.2)**	(5 9)
Total deferred tax charge	**2.6**	2 1
Total tax credit on loss on ordinary activities	**(33.7)**	(55 2)

(b) Factors affecting tax credit for the year

	2007 £m	2006 £m
The tax assessed for the year is higher (2006 higher) than the standard rate of corporation tax in the UK (30%)		
The differences are explained below		
Loss on ordinary activities before tax	**(151.8)**	(203 3)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	**(45.5)**	(61 0)
Effect of		
Capital allowances in excess of depreciation	**(2.1)**	(2 5)
General provisions	**(4.2)**	(4 5)
Movement in pension liability	**(1.1)**	(1 1)
Amortisation of intangible assets	**15.8**	15 8
Other permanent differences	**(1.1)**	4 8
Adjustment in respect of previous periods	**1.9**	(8 8)
Current tax credit for the year	**(36.3)**	(57 3)

NOTES TO THE FINANCIAL STATEMENTS continued

11. Intangible fixed assets

	Licences £m	Goodwill £m	**Total £m**
Cost			
At 1 January 2007 and at 31 December 2007	**516.0**	**277.0**	**793.0**
Amortisation			
At 1 January 2007	178 9	99 4	278 3
Charge for the year	38 9	13 8	52 7
At 31 December 2007	**217.8**	**113.2**	**331.0**
Net book value			
At 31 December 2007	**298.2**	**163.8**	**462.0**
At 31 December 2006	337 1	177 6	514 7

Goodwill brought forward of £274 1m relates to the purchase of the SWEB brand by EDF Energy Customers plc This goodwill is being amortised over a period of 20 years on a straight-line basis Goodwill brought forward of £2 9m relates to the acquisition of the metering trade and assets from IMServ Europe Limited, an unconnected Company

On 1 September 2005 EDF Energy Customers plc entered into a licence with SEEBOARD Energy Limited and SEEBOARD Energy Gas Limited which resulted in these companies licensing their electricity and gas business (primarily being the SEEBOARD brand together with the customer lists and the right to service the customer contracts) associated therewith for 10 years This agreement was entered into to facilitate the unification of the business under a single brand, within a single company

Licences and goodwill are written off over the periods noted above Annual impairment reviews are undertaken and any impairment in value is recognised once identified

NOTES TO THE FINANCIAL STATEMENTS continued

12. Tangible fixed assets

	Information Technology £m	Meters £m	Other £m	**Total £m**
Cost				
At 1 January 2007	162 3	12 8	3 1	178 2
Additions	23 2	0 9	0 2	24 3
Disposals	(0 9)	-	-	(0 9)
At 31 December 2007	**184.6**	**13.7**	**3.3**	**201.6**
Depreciation				
At 1 January 2007	86 7	6 1	2 6	95 4
Charge for the year	17 9	0 5	0 3	18 7
Disposals	(0 3)	-	-	(0 3)
At 31 December 2007	**104.3**	**6.6**	**2.9**	**113.8**
Net book value				
At 31 December 2007	**80.3**	**7.1**	**0.4**	**87.8**
At 31 December 2006	75 6	6 7	0 5	82 8

13. Investments in subsidiary undertakings

	Shares £m
At 1 January 2007 and 31 December 2007	**0.1**

The principal subsidiary undertakings at 31 December 2007, which are incorporated in Great Britain and are registered and operate in England and Wales, are as follows

	Description of ordinary shares held		**Percentage of ordinary shares held**	**Principal activity**
EDF Energy 1 Limited	Ordinary A	£0 10	100%	Electricity and gas supply
	Ordinary B	£0 01	100%	
EDF Energy HomePhone Limited	Ordinary A	£0 10	100%	Non-trading
	Ordinary B	£0 01	100%	
	Ordinary C	£0 10	100%	
SEEBOARD Energy Limited	Ordinary	£1 00	100%	Licence holder
SEEBOARD Energy Gas Limited*	Ordinary	£1 00	100%	Licence holder

* Indirectly held

NOTES TO THE FINANCIAL STATEMENTS continued

14. Debtors: amounts falling due within one year

	2007 **£m**	2006 £m
Billed trade debtors	**424.8**	397 2
Unbilled trade debtors	**625.1**	783 3
Amounts owed by intermediate parent company	**50.0**	340 0
Amounts owed by other Group companies	**142.1**	134 0
Corporation tax (Group relief receivable)	**14.2**	-
Prepayments and accrued income	**11.6**	7 9
Deferred taxation recoverable (note 15)	**2.5**	3 6
	1,270.3	1,666 0

15. Deferred taxation

The movements in the deferred taxation asset during the current year are as follows

	2006 £m	Profit and loss £m	Statement of total recognised gains and losses £m	**2007** **£m**
Deferred taxation recoverable (note 14)	3 6	(1 1)	-	**2.5**
Deferred tax shown against pension liability (note 20)	11 9	(1 5)	(0 8)	**9.6**
Deferred tax asset	15 5	(2 6)	(0 8)	**12.1**

Deferred taxation provided in the financial statements is as follows

	2007 **£m**	2006 £m
Short-term timing differences	**5.1**	5 3
Accelerated capital allowances	**(2.6)**	(1 7)
Net deferred taxation recoverable (above)	**2.5**	3 6
Deferred tax shown against pension liability (above)	**9.6**	11 9
Net deferred tax asset	**12.1**	15 5

The Finance Act 2007 announced a reduction in the mainstream corporation tax rate from 30% to 28% from 1 April 2008 £0 1m has been debited to reserves and £1 0m has been debited to the profit and loss account for the year to reflect the reduction in deferred tax assets

NOTES TO THE FINANCIAL STATEMENTS continued

16. Creditors: amounts falling due within one year

	2007 £m	2006 £m
Bank overdraft	**787.5**	-
Borrowings from other Group companies (see below)	**105.9**	105 9
Securitisation of receivables (see below)	**50.0**	340 0
Payments received on account	**258.6**	217 3
Trade creditors	**30.6**	37 0
Amounts owed to other Group companies	**738.8**	2,048 2
Corporation tax (Group payments)	**-**	59 9
Other taxation and social security	**32.3**	29 1
Other creditors	**84.7**	89 9
Finance lease	**-**	0 1
Accruals and deferred income	**59.4**	28 7
	2,147.8	2,956 1

Bank overdrafts represent the Company's portion of the Group's pooled bank account, and as such are supported by EDF Energy plc

Borrowings represent amounts due to other Group Companies This balance bears interest and is repayable on demand

In September 2004 EDF Energy Customers plc, together with other Group undertakings, entered into a commercial paper securitisation programme involving the sale of billed and unbilled trade debtors to a trust Interest is charged on trade debtors securitised at a margin above LIBOR The total facility available under the programme is £350 0m EDF Energy Customers plc is jointly liable with other group undertakings for the total amount of the funds advanced, which totalled £50 0m at 31 December 2007 (2006 £340 0m) Amounts are repayable within 12 months of the securitisation of the associated debtor balances

17. Provisions for liabilities

The movements in provisions during the current year are as follows

	At 1 January 2007 £m	Utilised in the year £m	**At 31 December 2007 £m**
Teesside	17 6	(14 1)	**3.5**

The Teesside provision arose on the acquisition of the supply business of South Western Electricity The provision represents the difference between the contract price of purchasing electricity under the long-term contract and the estimated forward market electricity price at the date of acquisition This provision is expected to be utilised in 2008

18. Share capital

Authorised

	2007 Number	2006 Number	**2007 £m**	2006 £m
Ordinary shares of £1 each	**10,000,000**	10,000,000	**10.0**	10 0

Allotted, called up and fully paid

	2007 Number	2006 Number	**2007 £m**	2006 £m
Ordinary shares of £1 each	**10,000,000**	10,000,000	**10.0**	10 0

NOTES TO THE FINANCIAL STATEMENTS continued

19. Reconciliation of shareholders' deficit and movement on reserves

	Share capital	Capital reserves	Profit and loss account	**Total**
	£m	£m	£m	**£m**
At 1 January 2006	10 0	-	(104 5)	**(94.5)**
Loss for the year	-	-	(148 1)	**(148.1)**
Actuarial gain net of deferred tax on defined benefit pensions	-	-	3 6	**3.6**
At 31 December 2006	10 0	-	(249 0)	**(239.0)**
Loss for the year	-	-	(118 1)	**(118.1)**
Actuarial gain net of deferred tax on defined benefit pensions	-	-	1 6	**1.6**
Share based payments (note 6)	-	(0 2)	-	**(0.2)**
Change in tax rate	-	-	(0 1)	**(0.1)**
At 31 December 2007	**10.0**	**(0.2)**	**(365.6)**	**(355.8)**

20. Pension arrangements

EDF Energy Customers plc employees 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 figures disclosed within these financial statements relate to the proportion of the scheme relating to EDF Energy Customers plc employees

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

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 £2m 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

NOTES TO THE FINANCIAL STATEMENTS continued

20. Pension arrangements continued

The principal financial assumptions used to calculate the ESPS and EEPS liabilities under FRS 17 were

	31 December 2007 % p.a.	31 December 2006 % p a	31 December 2005 % p a
Discount rate	**6.0**	5 2	4 7
Inflation assumption	**3.3**	3 1	2 9
Rate of increase in salaries - ESPS	**5.3**	4 1	3 9
Rate of increase in salaries - EEPS	**4.8**	4 1	3 9
Rate of increase of pensions increases RPI	**3.3**	3 1	2 9

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 Group's contribution rate for future years

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

	ESPS 2007 £m	**EEPS 2007 £m**	**Total 2007 £m**	Total 2006 £m	Total 2005 £m
Fair value of scheme assets	**290.7**	**56.6**	**347.3**	296 2	213 8
Present value of defined benefit obligations	**(321.4)**	**(60.2)**	**(381.6)**	(335 9)	(262 0)
Deficit in scheme	**(30.7)**	**(3.6)**	**(34.3)**	(39 7)	(48 2)
Related deferred tax asset	**8.6**	**1.0**	**9.6**	11 9	14 5
Liability recognised in the balance sheet	**(22.1)**	**(2.6)**	**(24.7)**	(27 8)	(33 7)

This amount is presented in pension liabilities on the face of the balance sheet

Analysis of the amounts charged / (credited) to the profit and loss account in respect of these defined benefit schemes are as follows

	ESPS 2007 £m	**EEPS 2007 £m**	**Total 2007 £m**	Total 2006 £m
Current service cost	**6.0**	**9.9**	**15.9**	15 9
Commutation credit arising on change in pension scheme rules	-	-	-	(2 0)
Total operating cost	**6.0**	**9.9**	**15.9**	13 9

NOTES TO THE FINANCIAL STATEMENTS continued

20. Pension arrangements continued

Analysis of the amount credited to interest income

	ESPS 2007 £m	EEPS 2007 £m	Total 2007 £m	Total 2006 £m
Expected return on pension scheme assets	17.5	1.5	19.0	17 1
Interest on pension scheme liabilities	(15.9)	(1.5)	(17.4)	(14 4)
Net return on pension scheme	1.6	-	1.6	2 7

Analysis of the actuarial gain in the statement of total recognised gains and losses

	ESPS 2007 £m	EEPS 2007 £m	Total 2007 £m	Total 2006 £m
Actual return less expected return on pension scheme assets	0.4	0.3	0.7	2 7
Experience gains and losses arising on scheme liabilities	(14.3)	-	(14.3)	(0 3)
Changes in assumptions underlying the present value of the scheme liabilities	13.5	2.4	15.9	2 7
Actuarial (loss) / gain gross of deferred tax	(0.4)	2.7	2.3	5 1
Deferred tax	0.1	(0.8)	(0.7)	(1 5)
Actuarial (loss) / gain net of deferred tax	(0.3)	1.9	1.6	3 6

Movements in the scheme deficit in the current period were as follows

	ESPS 2007 £m	EEPS 2007 £m	Total 2007 £m	Total 2006 £m
At 1 January 2007	(36.4)	(3.3)	(39.7)	(48 2)
Transfer from other Group companies	-	-	-	(6 1)
Current service cost	(6.0)	(9.9)	(15.9)	(15 9)
Commutation	-	-	-	2 0
Contributions	4.6	7.2	11.8	11 2
Bulk transfers in	-	(0.3)	(0.3)	-
Deficit payments	5.9	-	5.9	7 1
Net finance income	1.6	-	1.6	2 7
Actuarial (loss) / gain	(0.4)	2.7	2.3	5 1
Change in obligation on transfers in	-	-	-	2 4
At 31 December 2007	(30.7)	(3.6)	(34.3)	(39 7)

NOTES TO THE FINANCIAL STATEMENTS continued

20. Pension arrangements continued

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

	Expected return			Fair value of assets				
				ESPS	**EEPS**	**Total**	Total	Total
	2007	2006	2005	**2007**	**2007**	**2007**	2006	2005
	%	%	%	**£m**	**£m**	**£m**	£m	£m
Gilts	**4.6**	4 5	4 1	**109.2**	**-**	**109.2**	109 9	41 0
Equities	**8.2**	8 2	7 8	**131.6**	**37.7**	**169.3**	144 2	144 7
Property	**7.2**	7 2	6 8	**6.7**	**-**	**6.7**	7 5	5 4
Corporate bonds	**5.4**	5 0	4 5	**27.6**	**13.4**	**41.0**	29 2	20 7
Cash	**5.4**	5 2	4 6	**15.6**	**5.5**	**21.1**	5 4	2 0
Fair value of scheme assets				**290.7**	**56.6**	**347.3**	296 2	213 8

History of experience gains and losses are as follows

	ESPS	**EEPS**	**Total**	Total	Total	Total
	2007	**2007**	**2007**	2006	2005	2004
	£m	**£m**	**£m**	£m	£m	£m
Fair value of scheme assets	**290.7**	**56.6**	**347.3**	296 2	213 8	143 0
Present value of defined benefit obligations	**(321.4)**	**(60.2)**	**(381.6)**	(335 9)	(262 0)	(176 6)
Deficit in the scheme	**(30.7)**	**(3.6)**	**(34.3)**	(39 7)	(48 2)	(33 6)
Experience gains and losses on scheme liabilities						
Amount (£m)	**(14.3)**	**-**	**(14.3)**	(0 3)	(1 1)	(0 7)
Percentage of scheme liabilities	**4.4%**	**-%**	**3.7%**	0 1%	0 4%	0 4%
Difference between the expected and actual return on scheme assets						
Amount (£m)	**0.4**	**0.3**	**0.7**	2 7	16 9	3 3
Percentage of scheme assets	**0.1%**	**0.5%**	**0.2%**	0 9%	7 9%	2 3%
Total amount recognised in statement of total recognised gains and losses						
Amount (£m)	**(0.4)**	**2.7**	**2.3**	5 1	(1 8)	(5 3)
Percentage of scheme liabilities	**0.1%**	**4.4%**	**0.6%**	1 5%	0 7%	3 0%

NOTES TO THE FINANCIAL STATEMENTS continued

21. Other financial commitments

At 31 December the Company had contracted to purchase power under power purchase agreements (PPAs) to the value of £21 7m (2006 £87 9m)

Operatıng lease commitments

At 31 December 2007 the Company had annual commıtments under non-cancellable operatıng leases as set out below

	Vehicles 2007 £m	Vehıcles 2006 £m
Operatıng leases whıch expıre		
Wıthın one year	**0.5**	1 4
In two to five years	**1.6**	1 7
	2.1	3 1

22. Related parties

In accordance wıth FRS 8 'Related partıes dısclosures', the Company ıs exempt from dısclosıng transactıons wıth entıtıes that are part of the group or ınvestees of the group qualıfyıng as related partıes, as ıt ıs a wholly-owned subsıdıary of a parent whıch prepares consolıdated financıal statements whıch are publıcly avaılable (note 23)

23. Parent undertaking and controllıng party

CSW Investments holds a 100% ınterest ın EDF Energy Customers plc and ıs consıdered to be the ımmedıate parent company EDF Energy plc heads the smallest group for whıch consolıdated financıal statements are prepared Copıes of that company's consolıdated financıal statements are publıcly avaılable from 40 Grosvenor Place, Vıctorıa, London SW1X 7EN

At 31 December 2007, Electrıcıté de France SA, a company ıncorporated ın France ıs regarded by the Dırectors as the Company's ultımate parent company and controllıng party Thıs ıs the largest group for whıch consolıdated financıal statements are prepared Copıes of that company's consolıdated financıal statements may be obtaıned from Electrıcıté de France, 22-30 Avenue de Wagram, 75382, Parıs, Cedex 08, France