EDF ENERGY CUSTOMERS PLC

Registered Number 2228297

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2012

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Page:

Directors

Martin Lawrence
Ronan Lory

Company Secretary

Joe Souto

Auditor

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DIRECTORS' REPORT

The Directors present their annual report and financial statements for the year ended 31 December 2012

Principal activities and review of the business

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

Results and dividends

The loss for the year, before taxation, amounted to £33 0m (2011 £211 1m loss - restated) and after taxation, amounted to a loss of £43 1m (2011 £171 6m loss - restated) No dividends were paid in the year (2011 £nil)

The EDF Energy Holdings Limited 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 Energy Sourcing and Customer Supply Business Unit, which includes the Company, is discussed in the Group's annual report which does not form part of this report

Directors

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

Vincent de Rivaz	(resigned 17 February 2012)
Martin Lawrence	
Simone Rossi	(resigned 16 April 2012)
Ronan Lory	(appointed 16 April 2012)

None of the Directors had a service contract with the Company in the current or prior year They are all employed by associated companies within the EDF group

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

Risk management

Most market risks within the Energy Sourcing and Customer Supply Business Unit ultimately reside in this Company This includes risks associated with the optimisation functions, as well as the risks associated with the customer-facing operations, and price risk on the upstream business The main financial risks faced by the Company through its normal business activities are interest rate risk, market risk, margin risk, credit risk and liquidity risk These risks and the Company's approach to dealing with them are described below

The Company's exposure to interest rate fluctuations on its borrowings and deposits is principally through the use of LIBOR floating rate debt arrangements The Group's policy is to use derivatives to reduce exposure to short-term interest rates and not for speculative purposes

Market risk is the risk that changes in energy prices will adversely affect the profitability of the Company from normal business operations The risk is managed on a Group wide basis by EDF Energy plc which uses commodity hedge contracts to mitigate the price risk and through the deployment of an appropriate tariff management

Margin price risk arises from the necessity to forecast customer demand for gas and electricity, effectively and to procure the various commodities at a price competitive enough to allow a favourable tariff proposition for our customers Due to the vertically-integrated nature of the Group, the electricity procured from the generation assets provides a natural hedge for the electricity demand from the retail business The residual exposure to movements in the price of electricity and gas is partially mitigated by entering into contracts on the forward markets and through the deployment of an appropriate tariff management Risk management is

DIRECTORS' REPORT continued

monitored for the whole of EDF Energy, through sensitivity analysis, both per commodity and across commodities, in line with the Group's risks mandate

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 Group'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

Liquidity risk is the risk that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due The Company's exposure to liquidity risk is reduced by its borrowing facilities in place provided its shareholders

The health and safety of all our employees, contractors, agency staff and the public is a key risk given the nature of the Group's business To minimise this risk, the Group 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

Going concern

The Company's ability to continue as a going concern is assessed in conjunction with the Group as its viability is dependent upon the ability of other companies within the Group to settle their intercompany balances with the Company

The financial statements have been prepared under the going concern concept because EDF Energy plc, the intermediate parent company, has informed the Company that it will continue to support it financially for at least 12 months from the date of signing these financial statements, and not to recall amounts advanced to the Company until the claims of all creditors have been met

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 were 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 2012, the Company had an average of 7 days (2011 7 days) purchases outstanding in its trade creditors

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, sexuality, 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

DIRECTORS' REPORT continued

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

Charitable contributions

During the year, the Company made various charitable contributions totalling £3,080,406 (2011 £1,466,420)

Disclosure of information to Auditor

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 Auditor is 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 Auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s 418 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

By order of the Board

Ronan Lory
Director
25 June 2013

DIRECTORS' RESPONSIBILITIES 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 judgments 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 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 CUSTOMERS PLC

We have audited the financial statements of EDF Energy Customers plc for the year ended 31 December 2012 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 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 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 2012 and of its loss 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

Bevan Whitehead (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
25 June 2013

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £m	2011 restated £m
Turnover	2	**5,813.2**	4,950 8
Cost of sales		**(4,957.0)**	(4,330 3)
Gross profit		**856.2**	620 5
Administrative expenses		**(885.1)**	(827 2)
Operating loss	3	**(28.9)**	(206 7)
Interest receivable and similar income	6	**1 1**	0 9
Interest payable and similar charges	7	**(5 2)**	(5 3)
Loss on ordinary activities before taxation		**(33 0)**	(211 1)
Tax on loss on ordinary activities	8	**(10.1)**	39 5
Loss for the financial year		**(43.1)**	(171 6)

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

The 2011 profit for the financial year has been restated to reflect a change in the recognition of tax on pension schemes

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £m	2011 restated £m
Loss for the financial year	17	**(43.1)**	(171 6)
Actuarial gain/(loss) net of tax on defined pension benefits	17	**64.5**	(34 6)
Total recognised gain/(loss) relating to the year		**21.4**	(206 2)

The actuarial gain/(loss) net of tax on defined benefit pensions includes a deferred tax (charge)/credit of (£24 8m) (2011 £7 4m) and a current tax credit of £2 3m (2011 £2 1m)

The 2011 actuarial gain/(loss) net of deferred tax on defined pension benefits has been restated to reflect a change in the recognition of tax on pension schemes

BALANCE SHEET
AT 31 DECEMBER 2012

	Note	2012 £m	2011 £m
Fixed assets			
Goodwill	*9*	**95 2**	109 0
Intangible assets	*10*	**103 7**	142 6
Tangible assets	*11*	**283 7**	238 5
Investments in subsidiary undertakings	*12*	**0 1**	0 1
Total fixed assets		**482.7**	490 2
Current assets			
Debtors	*13*	**5,140 2**	1,096 1
		5,140.2	1,096 1
Creditors amounts falling due within one year	*14*	**(6,410 4)**	(2,334 3)
Net current liabilities		**(1,270 2)**	(1,238 2)
Total assets less current liabilities		**(787 5)**	(748 0)
Provision for liabilities and charges	*15*	**(4 0)**	(1 9)
Net liabilities excluding pension liabilities		**(791.5)**	(749 9)
Pension liabilities	*18*	**(33 9)**	(96 9)
Net liabilities		**(825 4)**	(846 8)
Capital and reserves			
Called up share capital	*16*	**10.0**	10 0
Capital reserve	*17*	**(0.4)**	(0 4)
Profit and loss account	*17*	**(835.0)**	(856 4)
Shareholder's deficit		**(825 4)**	(846 8)

The financial statements of EDF Energy Customers PLC, registered number 2228297 on pages 7 to 22 were approved by the Board of Directors on 25 June 2013 and were signed on its behalf by

Ronan Lory
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 and in accordance with applicable United Kingdom law and accounting standards

Going concern

The Company's ability to continue as a going concern is assessed in conjunction with the Group as its viability is dependent upon the ability of other companies within the Group to settle their intercompany balances with the Company

The financial statements have been prepared under the going concern concept because EDF Energy plc, the intermediate parent company, has informed the Company that it will continue to support it financially for at least 12 months from the date of signing these financial statements, and not to recall amounts advanced to the Company until the claims of all creditors have been met

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 are 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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

1. Accounting policies continued

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 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	–	Ten to 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

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

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

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 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

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

2. Turnover

Turnover, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to the continuing activities of the supply of electricity and gas and of meter reading and related services This includes an estimate of the sales value of units supplied to customers between the date of the last meter reading and the year end

3 Operating loss

This is stated after charging	**2012 £m**	2011 £m
Depreciation of owned assets (note 11)	**35.1**	44 5
Amortisation of goodwill (note 9)	**13 8**	13 7
Amortisation of licences (note 10)	**38 9**	38 9

In 2012 an amount of £104,000 (2011 £104,000) was paid to Deloitte LLP for audit services This charge was borne by another Group company in both the current and prior year In 2012, amounts payable to Deloitte LLP by the Company in respect of other assurance services was £36,003 (2011 £133,555)

4 Directors' emoluments

None of the Directors are employees of EDF Energy Customers plc and their service contracts are with other parties of the Group It is not possible or practical to allocate their emoluments between their services as Directors of EDF Energy Customers plc and other Group companies, including EDF Energy Customers plc Martin Lawrence is the Managing Director and Ronan Lory is a Finance Director of the Energy Sourcing and Customer Supply Business Unit and is a Director of several Companies within that Business Unit, including EDF Energy Customers plc

No Director (2011 none) held any interests in the shares or debentures of the Company or the Group required to be disclosed under the Companies Act 2006

5 Staff costs

	2012 £m	2011 £m
Wages and salaries	**210.8**	199 4
Social security costs	**17.0**	15 6
Pension costs	**32.9**	23 7
Recharged by other Group companies	**-**	0 2
Total	**260 7**	238 9

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

	2012 Number	2011 Number restated
Customer facing staff	**4,656**	4,919
Administration	**654**	326
Total	**5,310**	5,245

The headcount number has been re-stated to correct an error in the 2011 figure

NOTES TO THE FINANCIAL STATEMENTS continued

6. Interest receivable and similar income

	2012 £m	2011 £m
Other interest receivable	**1 1**	0 9
	1.1	0 9

7 Interest payable and similar charges

	2012 £m	2011 £m
Net payable on pension scheme (note 18)	**4 0**	3 9
On loans from other Group companies	**1.1**	1 3
Other interest payable	**0 1**	0 1
	5 2	5 3

8 Tax on loss on ordinary activities

(a) Analysis of tax charge/(credit) in the year

UK current tax

	2012 £m	2011 restated £m
UK corporation tax charge/(credit) on loss for the year	**10.2**	(38 1)
Adjustment in respect of previous periods	**0.5**	(0 6)
Total current tax charge/(credit) (note 8(b))	**10 7**	(38 7)
UK deferred tax		
Origination and reversal of timing differences	**-**	(0 5)
Adjustment in respect of previous periods	**(0 4)**	(0 3)
Effect of decreased tax rate	**(0 2)**	-
Total deferred tax credit for the year	**(0 6)**	(0 8)
Total tax charge/(credit) on loss on ordinary activities	**10 1**	(39 5)

The Finance Act 2012 announced a reduction in the main rate of corporation tax for the financial year beginning 1 April 2012 from 25% to 24% This change was substantively enacted under the Provisional Collection of Taxes Act 1968 on 27 March 2012 and has therefore been reflected where appropriate in these financial statements

The Finance Act 2012 also announced a further reduction in the main rate of corporation tax for the financial year beginning 1 April 2013 from 24% to 23% This change was substantively enacted on 17 July 2012 and has therefore been reflected where appropriate in these financial statements

The Chancellor's Autumn Statement on 5 December 2012 announced a further reduction in the main rate of corporation tax for the financial year beginning 1 April 2014 from 23% to 21% The impact of this would be to reduce the deferred tax shown against the pension liability at 31 December 2012 by £0 9m with a corresponding deferred tax charge to reserves, and to reduce the deferred tax liability at 31 December 2012 by £0 4m with a corresponding deferred tax credit to the profit and loss account

NOTES TO THE FINANCIAL STATEMENTS continued

8. Tax on loss on ordinary activities continued

The Chancellor's Budget on 20 March 2013 announced a further reduction in the main rate of corporation tax for the financial year beginning 1 April 2015 from 21% to 20% The impact of this would be to further reduce the deferred tax asset shown against the pension liability at 31 December 2012 by £0 4m with a corresponding deferred tax charge to reserves, and to further reduce the deferred tax liability at 31 December 2012 by £0 2m with a corresponding deferred tax credit to the profit and loss account

(b) Factors affecting tax charge for the year

The tax assessed for the period is higher (2011 higher) than the standard rate of corporation tax in the UK

The differences are explained below

	2012	2011 restated
	£m	£m
Loss on ordinary activities before tax	**(33 0)**	(211 1)
Tax on loss on ordinary activities at standard UK rate of corporation tax of 24 5% (2011 26 5%)	**(8 1)**	(55 9)
Effect of		
Capital allowances in excess of depreciation	**(5 0)**	(1 9)
Movement in pension liability	**2 9**	2 3
Amortisation and impairment of intangible assets	**12 9**	14 0
Other timing differences	**2 1**	0 1
Other permanent differences	**5 4**	3 3
Adjustment in respect of previous periods	**0 5**	(0 6)
Current tax charge/(credit) for the year	**10 7**	(38 7)

9. Goodwill

	£m
Cost	
At 1 January 2012 and at 31 December 2012	277 1
Amortisation	
At 1 January 2012	168 1
Charge for the year	13 8
At 31 December 2012	**181 9**
Carrying amount	
At 31 December 2012	**95.2**
At 31 December 2011	109 0

Goodwill brought forward of £274 1m at cost relates to the purchase of the SWEB brand by EDF Energy Customers plc Goodwill brought forward of £2 9m relates to the acquisition of the metering trade and assets from IMServ Europe Limited, an unconnected Company Goodwill brought forward of £0 1m relates to CFS Siemens Revenue Protection

Goodwill is being amortised over a period of 20 years on a straight-line basis Annual impairment reviews are undertaken and any impairment in value is recognised once identified

NOTES TO THE FINANCIAL STATEMENTS continued

10. Intangible fixed assets

	Licences £m
Cost	
At 1 January 2012 and at 31 December 2012	**516 0**
Amortisation	
At 1 January 2012	373 4
Charge for the year	38 9
At 31 December 2012	**412 3**
Net book value	
At 31 December 2012	**103 7**
At 31 December 2011	142 6

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 are amortised over the periods noted above Annual impairment reviews are undertaken and any impairment in value is recognised once identified

11. Tangible fixed assets

	Information Technology £m	Meters £m	Other £m	**Total £m**
Cost				
At 1 January 2012	405 9	19 2	17 0	**442 1**
Additions	73 7	2 3	4 4	**80 4**
Disposals	(49 6)	(3 3)	(1 3)	**(54 2)**
At 31 December 2012	430 0	18 2	20 1	**468 3**
Depreciation				
At 1 January 2012	189 2	9 3	5 1	**203 6**
Charge for the year	31 2	1 0	2 9	**35 1**
Disposals	(49 6)	(3 3)	(1 2)	**(54 1)**
At 31 December 2012	170 8	7 0	6 8	**184 6**
Net book value				
At 31 December 2012	**259.2**	**11.2**	**13 3**	**283 7**
At 31 December 2011	216 7	9 9	11 9	238 5

Included within tangible fixed assets are assets in the course of construction of £15 0m as at 31 December 2012 (2011 £62 7m) The total amount of additions to assets in the course of construction during the year was £73 7m and the total amount transferred to information technology was £121 4m

NOTES TO THE FINANCIAL STATEMENTS continued

12. Investments in subsidiary undertakings

	Shares £m
At 1 January 2012 and 31 December 2012	**0 1**

The principal subsidiary undertakings at 31 December 2012, which are incorporated in Great Britain and are registered and operate in England and Wales (unless otherwise stated), 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
	Ordinary B	£0 01	100%	supply
SEEBOARD Energy Limited	Ordinary	£1 00	100%	Licence holder
SEEBOARD Energy Gas Limited*	Ordinary	£1 00	100%	Licence holder
British Energy Direct Limited	Ordinary	£1 00	100%	Electricity supply

* Indirectly held

13. Debtors

	2012 £m	2011 £m
Debtors: amounts falling due within one year		
Billed trade debtors	**652.2**	325 2
Unbilled trade debtors	**290.3**	356 7
Amounts owed by other Group companies	**4,155 7**	414 2
Prepayments and accrued income	**42 0**	-
	5,140 2	1,096 1

EDF Energy plc operates a collective net overdraft facility arrangement which permits the offset of cash balances with overdrafts in subsidiary companies, including EDF Energy Customers plc The element of the Company cash balance (2012 £3,673m, 2011 £nil) which relates to overdrafts in subsidiary companies has been presented as an amount owed by other Group companies to reflect the nature of this agreement

14 Creditors: amounts falling due within one year

	2012 £m	2011 £m
Bank overdraft	**-**	241 8
Borrowings from other Group companies (see below)	**105.6**	105 6
Trade creditors	**111.2**	86 2
Amounts owed to Group undertakings	**5,583.5**	1,381 0
Other creditors	**123.5**	110 2
Payments on account	**370 6**	310 8
Other taxation and social security	**32 0**	34 1
Accruals and deferred income	**42 0**	33 5
Corporation tax (Group payments)	**42 0**	31 1
	6,410 4	2,334 3

Borrowings from other Group companies bear interest based on the LIBOR rate and are repayable on demand

NOTES TO THE FINANCIAL STATEMENTS continued

15 Provisions for liabilities and charges

The movements in provisions during the current year are as follows

	At 1 January 2012 £m	Arising during the year £m	**At 31 December 2012 £m**
Deferred tax	(1 9)	(2 1)	**(4 0)**

Deferred taxation provided in the financial statements is as follows

	2012 £m	2011 £m
Accelerated capital allowances	**(9 2)**	(6 7)
Short term timing differences	**5.2**	4 8
Deferred tax liability	**(4.0)**	(1 9)

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

	2011 £m	Profit and loss £m	Statement of total recognised gains and losses £m	**2012 £m**
Deferred taxation liability	(1 9)	(2 1)	-	**(4 0)**
Deferred tax shown against pension liability (note 18)	32 3	2 7	(24 8)	**10 2**
Deferred tax asset	30 4	0 6	(24 8)	**6.2**

16. Share capital

Authorised, allotted, called up and fully paid

	2012 Number	2011 Number	**2012 £m**	2011 £m
Ordinary shares of £1 00 each	**10,000,000**	10,000,000	**10.0**	10 0

17 Reconciliation of shareholder's deficit

	Share capital £m	Capital reserve £m	Profit and loss account (restated) £m	**Total shareholder's deficit (restated) £m**
At 1 January 2011	10 0	(0 4)	(650 2)	**(640 6)**
Loss for the year (restated)	-	-	(171 6)	**(171 6)**
Actuarial gain net of deferred tax on defined benefits pension (restated)	-	-	(34 6)	**(34 6)**
At 31 December 2011	10 0	(0 4)	(856 4)	**(846 8)**
Profit for the year	-	-	(43 1)	**(43 1)**
Actuarial loss net of deferred tax on defined benefits pension	-	-	64 5	**64 5**
At 31 December 2012	**10.0**	**(0.4)**	**(835.0)**	**(825 4)**

NOTES TO THE FINANCIAL STATEMENTS continued

18. Pension commitments

At the start of 2012, EDF Energy Customers 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) Both of these schemes are defined benefit schemes The Group closed its EEGS pension arrangements 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 and 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 Hewitt Bacon & Woodrow, 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 In 2009 and 2010, the regular ongoing employer's contribution was assessed as 10% of pensionable pay The regular ongoing employer's contribution was amended to 11 4% for EEPS and 25 6% for EEGS from 1 April 2011 following the agreement of the triennial valuation

NOTES TO THE FINANCIAL STATEMENTS continued

18 Pension commitments continued

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

	31 December 2012 % p a	31 December 2011 % p a
Discount rate		
- EEGS	**4 6**	4 7
- EEPS	**4 8**	4 7
Inflation assumption		
- EEGS	**3.1**	3 2
- EEPS	**3 2**	3 3
Rate of increase in salaries		
- EEGS	**3 1**	4 7
- EEPS	**3 2**	4 8
Rate of increase of pensions increases		
- full retail price indexation ("RPI")	**3.2**	3 6
- RPI up to 5% (EEPS – service to 31 March 2006)	**3.1**	3 2
- 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 FRS17 EEGS and EEPS liabilities

	31 December 2012 years	31 December 2011 years
EEGS		
Life expectancy for current male pensioner aged 60	**28**	28
Life expectancy for current female pensioner aged 60	**30**	30
Life expectancy for future male pensioner currently aged 40 from age 60	**30**	30
Life expectancy for future female pensioner currently aged 40 from age 60	**32**	32
EEPS		
Life expectancy for current male pensioner aged 60	**22**	22
Life expectancy for current female pensioner aged 60	**24**	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

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

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

	EEGS 2012 £m	EEPS 2012 £m	**Total 2012 £m**	Total 2011 £m
Fair value of scheme assets	230 8	150 9	**381 7**	319 3
Present value of defined benefit obligations	(254 6)	(171 2)	**(425 8)**	(448 5)
Deficit in scheme	(23 8)	(20 3)	**(44 1)**	(129 2)
Related deferred tax asset (note 15)	5 5	4 7	**10 2**	32 3
Liability recognised in the balance sheet	(18 3)	(15 6)	**(33 9)**	(96 9)

This amount is presented in pension liabilities

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

	EEGS 2012 £m	**EEPS 2012 £m**	**Total 2012 £m**	Total 2011 £m
Current service cost	(8 1)	(24 8)	**(32 9)**	(23 7)
Interest cost	(12 6)	(8 1)	**(20 7)**	(20 1)
Expected return on scheme assets	11 3	5 4	**16 7**	16 2
	(9 4)	(27 5)	**(36 9)**	(27 6)

Of the charge for the year £32 9m (2011 £23 7m) has been included in administrative expenses and an expense of £4 0m (2011 expense of £3 9m) has been included in interest The estimated amount of contributions expected to be paid to the scheme during 2012 is £25 2m

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

	EEGS 2012 £m	**EEPS 2012 £m**	**Total 2012 £m**	Total 2011 £m
At 1 January	(269 5)	(179 0)	**(448 5)**	(367 4)
Service cost	(8 1)	(24 8)	**(32 9)**	(23 7)
Interest cost	(12 6)	(8 1)	**(20 7)**	(20 1)
Actuarial gain/(loss)	28 8	42 9	**71 7**	(32 6)
Net benefits paid/(received)	6 8	(2 2)	**4.6**	(4 7)
At 31 December	(254 6)	(171 2)	**(425.8)**	(448 5)

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

	EEGS 2012 £m	EEPS 2012 £m	Total 2012 £m	Total 2011 £m
At 1 January	203 4	115 9	**319 3**	283 2
Expected return on scheme assets	11 3	5 4	**16 7**	16 2
Actuarial gain/(loss)	8 4	6 9	**15 3**	(11 5)
Contributions by employer	7 7	17 6	**25 3**	18 8
Deficit payments	6 7	2 9	**9.6**	7 9
Net benefits (received)/paid	(6 7)	2 2	**(4.5)**	4 7
At 31 December	230 8	150 9	**381 7**	319 3

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			
	EEGS EEPS 2012 %	EEGS EEPS 2011 %	**EEGS 2012 £m**	**EEPS 2012 £m**	**Total 2012 £m**	Total 2011 £m
Gilts – fixed	**2.7**	3 0	8 3	-	**8 3**	46 5
– index linked	**2.6**	2 9	47 9	-	**47 9**	5 6
Equities	**7.9**	7 9	91 9	41 3	**133.2**	111 2
Property	**6 9**	6 9	8 3	13 7	**22 0**	21 9
Corporate bonds	**4 1**	4 7	53 1	41 9	**95 0**	79 1
Cash	**1.0**	1 8	21 3	38 0	**59.3**	40 7
LERPS			-	16 0	**16 0**	14 3
			230 8	150 9	**381 7**	319 3

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 EEGS and EEPS as at 31 December 2012

The actual return on scheme assets in the year was a profit of £32 0m (2011 £4 7m profit)

NOTES TO THE FINANCIAL STATEMENTS continued

18. Pension commitments continued

History of experience gains and losses are as follows

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Fair value of scheme assets	**381 7**	319 3	283 3	374 0	295 9
Present value of defined benefit obligations	**(425 8)**	(448 5)	(367 5)	(499 5)	(321 5)
Deficit in the scheme	**(44 1)**	(129 2)	(84 2)	(125 5)	(25 6)
Experience adjustments on scheme liabilities					
Amount (£m)	**6 0**	-	13 5	(3 6)	4 9
Percentage of scheme liabilities	**1 4%**	0 0%	3 7%	0 7%	(1 5)%
Experience adjustments on scheme assets					
Amount (£m)	**14.1**	(11 5)	13 5	44 0	(81 4)
Percentage of scheme assets	**(3.7)%**	(3 6)%	4 8%	11 8%	(27 5)%

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

	EEGS 2012 £m	**EEPS 2012 £m**	**Total 2012 £m**	Total 2011 £m
At 1 January	(43 5)	(37 5)	**(81.0)**	(46 4)
Actuarial gain/(loss)	37 3	49 7	**87 0**	(44 1)
Deferred taxation (charge)/credit	(11 6)	(13 2)	**(24.8)**	7 4
Current tax credit	1 6	0 7	**2.3**	2 1
At 31 December	(16 2)	(0 3)	**(16.5)**	(81 0)

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 Investments holds a 100% interest in EDF Energy Customers 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 2012, 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 Électricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France