

# EDF Energy Customers plc

Registered Number: 2228297

Annual Report and Financial Statements

for the Year Ended 31 December 2014

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**Directors**

Beatrice Bigois  
Sidney Cox  
John Kinirons  
James Poole  
John Healy

**Company Secretary**

Joe Souto

**Auditor**

Deloitte LLP  
2 New Street Square  
London  
EC4A 3BZ

**Registered Office**

40 Grosvenor Place  
Victoria  
London  
SW1X 7EN

## STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2014.

### Principal activity

The principal activity of the company is 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.

### Review of the business

The profit for the year before taxation amounted to £348.5m (2013: loss of £327.5m) and the profit after taxation amounted to £394.0m (2013: loss of £274.8m).

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

### Principal risks and uncertainties

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

#### Market risk

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 contracts to mitigate the price risk and through the deployment of an appropriate tariff management.

#### Margin risk

Margin price risk arises due to the uncertainty of future customer demand for gas and electricity, the forward purchase of various commodities at fixed prices and the competitiveness of customer tariffs. 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 appropriate tariff management. Risk management is monitored for the whole of EDF through sensitivity analysis, both per commodity and across commodities, in line with the Group's risk mandate.

#### Investment risk

The future prospects of the Company are dependent on the performance of its investment in subsidiaries. The investments in subsidiaries have been reviewed and the carrying value is considered to be recoverable based on their forecast performance.

#### Liquidity risk

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 by its shareholders.

#### Credit risk

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of any 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.

**STRATEGIC REPORT (CONTINUED)**

**Health and safety risk**

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

**Cyber risk**

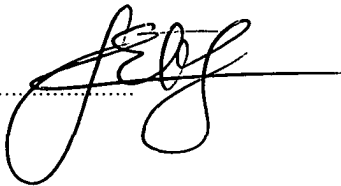
Cyber security threats are increasing in magnitude, sophistication and pace. The impact of a cyber security incident can significantly damage business operations, profit and brand. EDF Energy has invested in technology to protect itself from such threats.

**Going concern**

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

Approved by the Board on .....<sup>25</sup> June 2015 and signed on its behalf by:

.....  
John Healy  
Director



## DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 December 2014.

### Directors of the Company

The Directors who held office during the year were as follows:

Beatrice Bigois (appointed 1 January 2014)

Timothy Boylin (appointed 18 April 2014 and resigned 15 May 2015)

Sidney Cox (appointed 18 April 2014)

John Kinirons (appointed 18 April 2014)

James Poole (appointed 18 April 2014)

John Healy (appointed 1 July 2014)

Ronan Lory (resigned 18 April 2014)

### Dividends

The Directors do not recommend payment of a dividend (2013: £nil).

### 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, sexual orientation, 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.

### 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.

### Directors liabilities

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.

### 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 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.

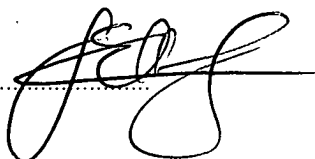
**DIRECTORS' REPORT (CONTINUED)**

**Reappointment of 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.

Approved by the Board on .....<sup>25</sup> June 2015 and signed on its behalf by:

.....  
John Healy  
Director

A handwritten signature in black ink, appearing to be 'J Healy', written over a horizontal dotted line.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

We have audited the financial statements of EDF Energy Customers plc for the year ended 31 December 2014, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet 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' Responsibility 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 and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

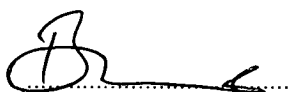


INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF ENERGY CUSTOMERS PLC (CONTINUED)

**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 ACA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP, Statutory Auditor

2 New Street Square  
London  
EC4A 3BZ

25 June 2015

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	<b>Note</b>	<b>2014 £ m</b>	<b>2013 £ m</b>
Turnover	2	6,442.9	6,306.7
Cost of sales		<u>(5,803.8)</u>	<u>(5,725.3)</u>
Gross profit		639.1	581.4
Administrative expenses		<u>(846.8)</u>	<u>(907.4)</u>
Operating loss	3	(207.7)	(326.0)
Other interest receivable and similar income	6	559.2	0.7
Interest payable and similar charges	7	<u>(3.0)</u>	<u>(2.2)</u>
Profit/(loss) on ordinary activities before taxation		348.5	(327.5)
Tax credit on profit/(loss) on ordinary activities	8	<u>45.5</u>	<u>52.7</u>
Profit/(loss) for the financial year		<u><u>394.0</u></u>	<u><u>(274.8)</u></u>

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

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<b>Note</b>	<b>2014 £ m</b>	<b>2013 £ m</b>
Profit/(loss) for the financial year	17	<b>394.0</b>	(274.8)
Actuarial loss on pension schemes (net of tax)	18	<u><b>(34.5)</b></u>	<u>(21.0)</u>
Total recognised gains/(losses) relating to the year		<u><b>359.5</b></u>	<u>(295.8)</u>

The actuarial loss net of tax on defined benefit pensions includes a deferred tax credit of £6.4m (2013: £2.1m) and a current tax credit of £2.4m (2013: £2.2m)

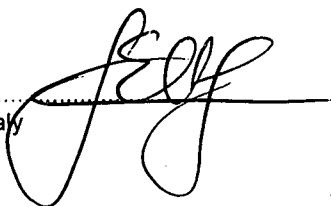
**EDF ENERGY CUSTOMERS PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2014**

	Note	2014 £ m	2013 £ m
<b>Fixed assets</b>			
Goodwill	9	67.8	81.5
Intangible assets	10	45.9	64.8
Tangible assets	11	409.2	373.2
Investments	12	0.1	0.1
		<u>523.0</u>	<u>519.6</u>
<b>Current assets</b>			
Debtors	13	2,154.6	9,393.1
Cash at bank and in hand		13.2	-
		<u>2,167.8</u>	<u>9,393.1</u>
Creditors: Amounts falling due within one year	14	<u>(3,389.5)</u>	<u>(10,998.5)</u>
Net current liabilities		<u>(1,221.7)</u>	<u>(1,605.4)</u>
Total assets less current liabilities		<u>(698.7)</u>	<u>(1,085.8)</u>
Provisions for liabilities	15	<u>(19.4)</u>	<u>(19.9)</u>
Net liabilities excluding pension liability		<u>(718.1)</u>	<u>(1,105.7)</u>
Pension provision	18	<u>(75.7)</u>	<u>(47.6)</u>
Net liabilities		<u><u>(793.8)</u></u>	<u><u>(1,153.3)</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	10.0	10.0
Capital redemption reserve	17	(0.4)	(0.4)
Profit and loss account	17	<u>(803.4)</u>	<u>(1,162.9)</u>
Shareholders' deficit		<u><u>(793.8)</u></u>	<u><u>(1,153.3)</u></u>

The financial statements of EDF Energy Customers plc, registered number 2228297 on pages 8 to 26 were approved and authorised by the Board on <sup>25</sup> June 2015 and signed on its behalf by:

John Healy  
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 current year and the preceding year.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### **Going concern**

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

#### **Exemption from preparing a 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.

#### **Exemption from preparing group accounts**

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 are publicly available.

#### **Goodwill**

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.

#### **Intangible assets**

Intangible assets are stated in the balance sheet at cost less accumulated amortisation and impairment. They are amortised on a straight line basis over their estimated useful lives.

#### **Fixed asset investments**

Fixed asset investments are stated at historical cost less provision for any diminution in value.

#### **Revenue recognition**

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales tax or duty.

## 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.

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

Asset class	Depreciation method and rate
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

#### Impairment of fixed assets

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### Current asset investments

Current asset investments are stated at the lower of cost and net realisable value.

#### Provisions

A provision is recognised when there is a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### 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, this 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 at the average tax rates that are expected to apply on periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date on an undiscounted basis.

## 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.

### 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

Operating loss is stated after charging:

	2014 £ m	2013 £ m
Depreciation of owned assets	47.3	36.3
Amortisation (goodwill and licences)	<u>52.6</u>	<u>52.6</u>

In 2014 an amount of £151,557 (2013: £106,392) was paid to Deloitte LLP for audit services. This charge was borne by another Group company in both the current and prior year. In 2014, amounts payable to Deloitte LLP by the Company in respect of other assurance services were £nil (2013: £25,868).

### 4 Directors' remuneration

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 group and no portion of their remuneration can be specifically attributed to their services to the Company.

No Director (2013: none) held any interests in the shares or debentures of the Company or the Group required to be disclosed under the Companies Act 2006.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 Staff costs**

The aggregate payroll costs were as follows:

	2014 £ m	2013 £ m
Wages and salaries	214.6	224.5
Social security costs	17.4	16.9
Other pension schemes	40.9	30.3
	<u>272.9</u>	<u>271.7</u>

Pension costs disclosed include amounts paid into pension schemes other than the main EEPS and EEGS (such as the BEGG scheme) as well as costs allocated to the Company from senior staff whose primary remuneration sits within other Group companies.

The monthly average number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

	2014 No.	2013 No.
Administration and support	636	654
Customer facing staff	6,243	6,271
	<u>6,879</u>	<u>6,925</u>

**6 Other interest receivable and similar income**

	2014 £ m	2013 £ m
Other interest receivable	1.6	0.7
Pension interest receivable (note 18)	0.6	-
Dividend income	557.0	-
	<u>559.2</u>	<u>0.7</u>

**7 Interest payable and similar charges**

	2014 £ m	2013 £ m
Pension scheme other finance costs (note 18)	-	1.4
Interest on loans from Group undertakings	2.9	0.7
Other interest payable	0.1	0.1
	<u>3.0</u>	<u>2.2</u>



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Taxation

(a) Analysis of tax credit in the year

	2014 £ m	2013 £ m
<b>Current tax</b>		
Corporation tax credit on profit/(loss) for the year	(35.3)	(59.9)
Adjustments in respect of previous years	<u>(8.9)</u>	<u>(9.1)</u>
UK Corporation tax credit	<u>(44.2)</u>	<u>(69.0)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	2.4	9.3
Deferred tax adjustment relating to previous years	(3.7)	7.2
Effect of increase/(decrease) in tax rates	<u>-</u>	<u>(0.2)</u>
Total deferred tax (credit)/charge	<u>(1.3)</u>	<u>16.3</u>
Total tax credit on profit/(loss) on ordinary activities	<u>(45.5)</u>	<u>(52.7)</u>

Changes to the main rate of corporation tax were announced in The Finance Act 2013. These comprised a reduction in the main rate of corporation tax for the financial year beginning 1 April 2014 from 23% to 21% and a further reduction for the financial year beginning 1 April 2015 from 21% to 20%.

The deferred tax liability at 31 December 2014 has been calculated at 20% (31 December 2013: 20%) as this is the rate at which the reversal of the deferred tax liability is expected to occur.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Taxation (continued)

(b) Factors affecting tax credit for the year

The tax on profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK (2013 - higher than the standard rate of corporation tax in the UK) of 21.5% (2013 - 23.25%).

The differences are reconciled below:

	2014 £ m	2013 £ m
Profit/(loss) on ordinary activities before tax	<u>348.5</u>	<u>(327.5)</u>
Corporation tax at standard rate	74.9	(76.1)
Capital allowances in excess of depreciation	(2.9)	(12.2)
Movement in pension liability	0.7	(0.1)
Amortisation and impairment of intangible assets	11.4	12.2
Other timing differences	(0.5)	1.4
Dividends from UK companies	(119.8)	-
Other permanent differences	0.9	14.9
Adjustment in respect of prior years	<u>(8.9)</u>	<u>(9.1)</u>
Total current tax	<u>(44.2)</u>	<u>(69.0)</u>

9 Goodwill

	Goodwill £ m
<b>Cost</b>	
At 1 January 2014	<u>277.1</u>
At 31 December 2014	<u>277.1</u>
<b>Amortisation</b>	
At 1 January 2014	195.6
Charge for the year	<u>13.7</u>
At 31 December 2014	<u>209.3</u>
<b>Net book value</b>	
At 31 December 2014	<u>67.8</u>

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 IMServe 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
<b>Cost</b>	
At 1 January 2014	516.0
Additions	<u>20.0</u>
At 31 December 2014	<u>536.0</u>
<b>Amortisation</b>	
At 1 January 2014	451.2
Charge for the year	<u>38.9</u>
At 31 December 2014	<u>490.1</u>
<b>Net book value</b>	
At 31 December 2014	<u><u>45.9</u></u>
At 31 December 2013	<u><u>64.8</u></u>

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. The licences are being amortised over 10 years. Annual impairment reviews are undertaken and any impairment in value is recognised once identified.

During 2014, an additional amount of £20m was paid by EDF Energy Customers plc to SEEBOARD Energy Limited and SEEBOARD Energy Gas Limited in exchange for all remaining customers.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Tangible fixed assets

	Assets Under Construction £ m	Information Technology £ m	Meters £ m	Other £ m	Total £ m
<b>Cost</b>					
At 1 January 2014	225.2	270.2	18.0	24.5	537.9
Acquisitions	83.3	-	-	-	83.3
Disposals	-	(25.9)	-	(0.2)	(26.1)
Transfers	(118.9)	115.5	3.0	0.4	-
At 31 December 2014	189.6	359.8	21.0	24.7	595.1
<b>Depreciation</b>					
At 1 January 2014	-	148.9	5.4	10.4	164.7
Charge for the year	-	42.5	1.8	3.0	47.3
Eliminated on disposals	-	(25.9)	-	(0.2)	(26.1)
At 31 December 2014	-	165.5	7.2	13.2	185.9
<b>Net book value</b>					
At 31 December 2014	189.6	194.3	13.8	11.5	409.2
At 31 December 2013	225.2	121.3	12.6	14.1	373.2

12 Investments in subsidiaries

	2014 £ m	2013 £ m
Shares in group undertakings and participating interests	0.1	0.1

Details of undertakings

The principal subsidiary undertakings at 31 December 2014, which are incorporated in the United Kingdom and are registered and operate in England and Wales (unless otherwise stated), are as follows:

Name of subsidiary	Description of ordinary shares held	Proportion of voting power held %	Principal activity
British Energy Direct Limited	Ordinary	100%	Electricity supply
EDF Energy 1 Limited	Ordinary A	100%	Marketing and supply of electricity and gas
SEEBOARD Energy Gas Limited	Ordinary	100%	Licence holder
SEEBOARD Energy Limited	Ordinary	100%	Licence holder

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**13 Debtors**

	<b>2014</b>	<b>2013</b>
	<b>£ m</b>	<b>£ m</b>
Billed trade debtors	<b>869.6</b>	761.5
Provision for doubtful debt	<b>(162.4)</b>	(165.4)
Unbilled trade debtors	<b>463.7</b>	514.3
Corporation tax (Group relief receivable)	<b>111.1</b>	42.2
Amounts owed by Group undertakings	<b>867.6</b>	8,240.5
Loans to the Green Deal Finance Company	<b>5.0</b>	-
	<b><u>2,154.6</u></b>	<b><u>9,393.1</u></b>

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. In 2014, the Company had £810.2m (2013: £8,156.9m) of cash which covered overdrafts in other Group companies. Therefore, this amount 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**

	<b>2014</b>	<b>2013</b>
	<b>£ m</b>	<b>£ m</b>
Trade creditors	<b>49.2</b>	109.1
Advances received	<b>417.3</b>	398.9
Borrowings from other Group companies	<b>105.6</b>	105.6
Amounts owed to Group undertakings	<b>2,566.8</b>	10,209.7
Other taxes and social security	<b>123.9</b>	35.9
Other creditors	<b>63.5</b>	75.5
Accruals and deferred income	<b>63.2</b>	63.8
	<b><u>3,389.5</u></b>	<b><u>10,998.5</u></b>

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

The movements in provisions during the year are as follows:

	Deferred tax £ m
At 1 January 2014	19.9
Arising during the year	(0.5)
At 31 December 2014	<u>19.4</u>

Analysis of deferred tax balance

	2014 £ m	2013 £ m
Difference between accumulated depreciation and amortisation and capital allowances	(25.9)	(25.7)
Other timing differences	6.5	5.8
	<u>(19.4)</u>	<u>(19.9)</u>

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

	Deferred taxation liability £ m	Deferred tax shown against pension liability (note 18) £ m	Total £ m
At 1 January 2014	19.9	(11.9)	8.0
Profit and loss	(0.5)	(0.7)	(1.2)
Statement of total recognised gains and losses	-	(6.4)	(6.4)
At 31 December 2014	<u>19.4</u>	<u>(19.0)</u>	<u>0.4</u>

16 Share capital

Allotted, called up and fully paid shares

	No. m	2014 £ m	No. m	2013 £ m
Ordinary shares of £1 each	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**17 Reserves**

	Profit and loss account £ m	Share capital £ m	Capital redemption reserve £ m	Total £ m
At 1 January 2014	(1,162.9)	10.0	(0.4)	(1,153.3)
Profit for the year	394.0	-	-	394.0
Actuarial loss on pension schemes (net of tax)	(34.5)	-	-	(34.5)
At 31 December 2014	<u>(803.4)</u>	<u>10.0</u>	<u>(0.4)</u>	<u>(793.8)</u>

**18 Pension commitments**

**Defined benefit pension schemes**

The Company forms part of two funded defined benefit pension schemes for qualifying UK employees - the EDF Energy Pension Scheme (EEPS), and the EDF Energy Generation & Supply Group of the Electricity Supply Pension Scheme (EEGSG). The schemes are administered by separate boards of Trustees which are legally separate from the Group. The trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day-to-day administration of the benefits.

Under the EEGSG, employees are generally entitled to annual pensions on retirement at age 60 or 63 (again, depending on the date of joining the scheme) of one-eightieth of final pensionable salary for each year of service plus a lump sum of three-eightieths of final pensionable salary for each year of service. Under EEPS, employees are generally entitled to an annual pension at age 65 of between one-fiftieth and one-eightieth (depending on their level of contribution) of final pensionable salary for each year of service. All schemes also pay benefits on death or other events such as withdrawing from active service. All benefits are ultimately paid in accordance with the scheme rules.

The latest full valuations of the EEGSG, and EEPS were carried out by qualified actuaries at 31 March 2013. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

*Funding requirements*

UK legislation requires that pension schemes are funded prudently.

The last funding valuations of EEGSG and EEPS were carried out by qualified actuaries as at 31 March 2013 and showed deficits of £123m, and £46m respectively. The Group pays contributions to repair this deficit and contributions in respect of ongoing benefit accrual.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Pension commitments (continued)

**Principal actuarial assumptions**

The principal actuarial assumptions at the balance sheet date are as follows:

	2014 %	2013 %
Discount rate- EEGS	3.6	4.4
Discount rate- EEPS	3.7	4.4
Retail price index ("RPI") inflation assumption- EEGS	3.2	3.5
Retail price index ("RPI") inflation assumption- EEPS	3.2	3.5
Rate of increase in salaries- EEGS	3.1	3.5
Rate of increase in salaries- EEPS	3.1	3.5
-full retail price indexation	3.2	3.5
-RPI up to 5% (EEPS- service to 31 March 2009)	3.0	3.2
-RPI up to 2.5% (EEPS- service from 31 March 2006)	<u>2.1</u>	<u>2.1</u>

The tables below show details of the assumptions around mortality rates used to calculate the FRS17 EEGS and EEPS liabilities.

	2014 Years	2013 Years
<b>EEGS</b>		
Life expectancy for current male pensioner aged 60	27	27
Life expectancy for current female pensioner aged 60	30	30
Life expectancy for future male pensioner currently aged 40 from age 60	29	29
Life expectancy for future female pensioner currently aged 40 from age 60	<u>32</u>	<u>32</u>

	2014 Years	2013 Years
<b>EEPS</b>		
Life expectancy for current male pensioner aged 65	23	23
Life expectancy for current female pensioner aged 65	25	25
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	<u>27</u>	<u>27</u>

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 2013 which determined the Company's contribution rate for future years.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Pension commitments (continued)

*Reconciliation of scheme assets and liabilities to assets and liabilities recognised*

The amounts recognised in the balance sheet are as follows:

	EEGS 2014 £ m	EEPS 2014 £m	Total 2014 £m	Total 2013 £m
Fair value of scheme assets	314.5	258.5	573.0	449.9
Present value of scheme liabilities	<u>(340.7)</u>	<u>(327.0)</u>	<u>(667.7)</u>	<u>(509.4)</u>
Defined benefit pension scheme deficit	(26.2)	(68.5)	(94.7)	(59.5)
Related deferred tax asset	<u>5.3</u>	<u>13.7</u>	<u>19.0</u>	<u>11.9</u>
Net liability in the balance sheet	<u>(20.9)</u>	<u>(54.8)</u>	<u>(75.7)</u>	<u>(47.6)</u>

*Amounts recognised in the profit and loss account*

	EEGS 2014 £ m	EEPS 2014 £ m	Total 2014 £m	Total 2013 £ m
<b>Amounts recognised in operating profit</b>				
Current service cost	(8.9)	(28.3)	(37.2)	(30.8)
<b>Amounts recognised in interest receivable and similar income</b>				
Interest expense	(13.6)	(12.3)	(25.9)	(20.0)
Expected return on scheme assets	<u>15.4</u>	<u>11.1</u>	<u>26.5</u>	<u>18.6</u>
Recognised in interest receivable and similar income	<u>1.8</u>	<u>(1.2)</u>	<u>0.6</u>	<u>(1.4)</u>
Total recognised in the profit and loss account	<u>(7.1)</u>	<u>(29.5)</u>	<u>(36.6)</u>	<u>(32.2)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Pension commitments (continued)

The movements in the fair value of scheme assets during the period were as follows:

	EEGS 2014 £ m	EEPS 2014 £ m	Total 2014 £ m	Total 2013 £ m
Fair value at start of period	263.3	186.6	449.9	381.7
Expected return on assets	15.4	11.1	26.5	18.6
Actuarial gains and losses	29.0	30.8	59.8	17.6
Employer contributions	7.7	25.5	33.2	32.6
Deficit repair payments	6.7	4.7	11.4	9.4
Benefits paid	(7.6)	(0.2)	(7.8)	(10.0)
Fair value at end of year	<u>314.5</u>	<u>258.5</u>	<u>573.0</u>	<u>449.9</u>

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

	EEGS 2014 £ m	EEPS 2014 £ m	Total 2014 £ m	Total 2013 £ m
Present value at start of year	287.7	221.7	509.4	425.8
Current service cost	8.9	28.3	37.2	30.8
Actuarial gains and losses	38.2	64.9	103.1	42.8
Interest cost	13.6	12.3	25.9	20.0
Benefits paid	(7.7)	(0.2)	(7.9)	(10.0)
Present value at end of year	<u>340.7</u>	<u>327.0</u>	<u>667.7</u>	<u>509.4</u>

**Analysis of assets**

The major categories of scheme assets are as follows:

	EEGS 2014 £m	EEPS 2014 £m	Total 2014 £m	Total 2013 £m
Equity instruments	118.3	114.7	233.0	186.3
Debt instruments	149.3	73.9	223.2	163.0
Property	0.4	21.7	22.1	23.9
Cash	1.7	2.7	4.4	17.8
Other assets	44.8	45.5	90.3	58.9
	<u>314.5</u>	<u>258.5</u>	<u>573.0</u>	<u>449.9</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Pension commitments (continued)

*Amounts recognised in the statement of total recognised gains and losses*

	EEGS 2014 £ m	EEPS 2014 £ m	Total 2014 £m	Total 2013 £ m
At 1 January	(22.0)	(15.5)	(37.5)	(16.5)
Actuarial loss	(9.2)	(34.1)	(43.3)	(25.3)
Deferred taxation credit	0.5	5.9	6.4	2.1
Current tax credit	1.4	1.0	2.4	2.2
At 31 December	<u>(29.3)</u>	<u>(42.7)</u>	<u>(72.0)</u>	<u>(37.5)</u>

*History of experience adjustments on scheme assets and liabilities*

Amounts for the current and previous 4 periods are as follows:

	2014 £ m	2013 £ m	2012 £ m	2011 £ m	2010 £ m
Fair value of scheme assets	573.0	449.9	381.7	319.3	283.3
Present value of scheme liabilities	<u>(667.7)</u>	<u>(509.4)</u>	<u>(425.8)</u>	<u>(448.5)</u>	<u>(367.5)</u>
Deficit in scheme	<u>(94.7)</u>	<u>(59.5)</u>	<u>(44.1)</u>	<u>(129.2)</u>	<u>(84.2)</u>
Experience adjustments:					
	2014 £ m	2013 £ m	2012 £ m	2011 £ m	2010 £ m
Experience adjustments arising on scheme assets	18.8	17.7	14.1	(11.5)	13.5
Experience adjustments arising on scheme liabilities	<u>(5.2)</u>	<u>(4.4)</u>	<u>6.0</u>	<u>-</u>	<u>13.5</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

19 Related party transactions

The Company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**20 Parent undertaking and controlling party**

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

At 31 December 2014, Electricité de France SA, a company incorporated in France, is regarded by the Directors as the Company's ultimate parent company and controlling party. This is the largest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from Electricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.