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# EDF ENERGY CUSTOMERS LIMITED

REGISTERED NUMBER: 02228297

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

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**EDF ENERGY CUSTOMERS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
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**Directors**

James Poole  
Richard Hughes  
Dawn Fortune  
Philippe Commaret  
Sarah Hancock  
Julie Ann Meanwell  
Jean-Benoit Marie Ritz  
Dr Neville Towers  
Simon Todd

**Company secretary** Joe Souto

**Auditor**

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## **STRATEGIC REPORT**

The Directors present their Strategic Report for the year ended 31 December 2019.

### **Principal activities**

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 these activities for the foreseeable future.

### **Section 172 (1) Statement**

The Directors are fully aware of their responsibilities to promote the success of the company in accordance with s.172 of the Companies Act 2006. Further details on how the Directors' duties are discharged and the oversight of these duties are included in the Directors Report and Corporate Governance Statement.

### **Stakeholder Engagement Statement**

The Company's key stakeholders, and the ways in which it engages with them, are set out in the wider Strategic Report and Corporate Governance Statement. The table below provides a summary of these relationships which are fostered by the Company and, in turn, have shaped the way the Board took principal decisions over the year.

## **STAKEHOLDER GROUPS**

### **Employees and Trade Unions**

Having people who bring a diverse range of talents and perspectives, and who feel engaged in their roles, is fundamental to the long-term success of our business. It is crucial that we understand their values and what motivates them - and reflect this in the way we operate.

We are committed to recruiting and retaining great people - so listening to our employees is a priority. We communicate with them regularly through team meetings, learning sessions, briefings and our intranet, "Pulse". We also frequently engage with Company Councils and Trade Unions about matters affecting employees.

*\*A more detailed breakdown can be found in our Workforce Engagement Statement.*

### **Customers**

Our vision for our customers is to be simply better - better than anyone else at solving customer's energy needs. Our ambition is to be the best and most trusted for customers.

We maintain constructive dialogue with our customers, including vulnerable customers. Providing appropriate products and services for our customers is a priority for us. We work closely with organisations such as Citizens Advice and Income Max to make sure we can identify and assist customers who need extra help.

In addition we hold a Standards of Conduct Advisory Panel with respected third parties such as Which? and Citizens Advice to help us understand what we need to do next to best meet customer needs and deliver high standards for every customer. Digital tools have radically transformed how we engage with our customers through support via live WebChat or MyAccount App.

### **Communities**

We want to make a positive contribution to the communities we operate in. We work in partnership with local organisations, schools and colleges to support our projects and goals.

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**STRATEGIC REPORT (CONTINUED)**

As a company we have outlined our commitment to be open and transparent in our business dealings.

For the most vulnerable in society, the Company's aim is to develop its internal processes and develop more collaborative third party partnerships, including those in the community. The Company provides funding to projects that offer expert advice and assistance at a local level, like the Seasonal Health Interventions Network - London (SHINE London) and the Group's "Improving Energy Efficiency in Communities" project, that's delivered by National Energy Action (NEA).

**Suppliers**

How we conduct our business, and the impact and influence we have through our supply chain, is an important aspect of our work. We know that we need to manage and mitigate the environmental and social impacts so we work closely with all of our suppliers and partners to make sure they keep to our ethical business principles throughout their own operations.

We set high expectations for ethical conduct in our supply chain. Including whether our ethical principles are embedded across our supply chain and suppliers comply with the United Nations Global Compact (UNGC).

The Company complied with its various statutory reporting obligations in 2019 including Modern Slavery, Gender Pay Gap and Payment Practices and Reporting. The Company actively engages with all material suppliers and takes part in regular oversight, monitoring and feedback with them. The Company aims to ensure all suppliers are paid promptly.

**Industry and Business Associations**

Through our affiliations we can gain the knowledge and skills necessary to stay ahead in a highly competitive marketplace. We have different types of memberships and affiliations relating to the different activities undertaken throughout the Company and Group.

Attendance at monthly Retail Committee Meetings with the industry trade body (Energy UK). This forum is used to discuss regulatory and policy issues arising and to provide direction to Energy UK when engaging external stakeholders.

**Government and Regulators**

We engage with political and regulatory stakeholders to help them understand our business better, and so shape the policy and the environment where we operate.

We have a role to play in sustainability, enabling the transition to a low-carbon future.

We have been proactive in working with Government and other agencies such the Department for Business Energy and Industrial Strategy, Ofgem, Competition and Markets Authority, Citizens Advice, etc to develop policies and extra services for customers, and continue to work collaboratively with partners on these.

**Impact on Principal Decisions**

Engagement and maintaining strong relationships with its shareholders is of the upmost importance to the Board of the Company (the Board) when considering items presented at Board meetings. The effect of the above on the Company's decisions and strategies during the year are prominent in its decision to launch its new ambition, 'Simply Better for Customers', which strives to provide the best service for its customers and puts customers at the heart of everything it does which is in line with the Company's values. This remained the case when the Company took the decision to acquire 134,000 residential customer accounts from Toto Energy after customers were left without a supplier when it ceased trading in October 2019. This transaction was completed following a competitive process run by Ofgem.

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**STRATEGIC REPORT (CONTINUED)**

Following the launch of the new ambition and push for strong customer focus by the Board, the Company achieved its best ever score of 4.25 out of 5 in the Citizens Advice energy supplier star rating table. That's meant a jump of four places, with the Company rising from sixth to second out of 40 suppliers putting the Company in the highest position of all the major suppliers.

In addition, 2019 also saw a drive by the Board to review the current capabilities of the Company including the demand of its suppliers, generators and business customers for services it already provides whilst looking at potential future profitable beyond supply strategy and opportunities. In order to maximise opportunities in this area, the Company continues to engage with various stakeholders including customers and industry and business associations.

**Workforce Engagement Statement**

The Group engages, informs and consults with its workforce on matters affecting them. This is carried out in a number of ways which gives the workforce a voice and in which our senior leaders actively participate. Some of the key mechanisms are included in the table below:

**ENGAGEMENT OPPORTUNITIES**

**We Communicate...**

**With our people.**

We strive to maintain a healthy employee environment in which dialogue between management and our employees is embedded in our work practices.

Management engages with employees through formal and informal channels, including emails from the Chief Executive Officer, team meetings, face-to-face gatherings, breakfast briefings, interviews and via Pulse.

Pulse is an e-platform for sharing company newsletters, announcements and accessing a wide variety of materials, i.e. company policies, company contacts and information on well-being and company benefits etc. In addition, the Intranet also hosts a number of discussion forums for employees to take part in; this is in addition to EDF Energy's Yammer page where employees can connect on a business or personal level on a variety of topics.

**We Listen...**

**Through various channels including conducting annual employee engagement surveys.**

Strong employee engagement is especially important in maintaining strong business delivery in times of change.

'My EDF', is the Employee Engagement Survey conducted annually which gathers the views and opinions of all employees with regard to their work situation, at local level and within the EDF SA Group. It identifies areas of satisfaction and opportunities for improvement in order to help establish priorities within the Group.

The results of the 'My EDF' Survey are discussed at Board level and are used to support the setting of company strategy, realign company purposes / values (where identified as being required) and define individual team objectives. This filters down to discussion on wider strategy of the Company and wide Group and impacts the principal decisions taken by the directors.

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**STRATEGIC REPORT (CONTINUED)**

**We Engage...**

**With Company Councils and Trade Unions.**

Having a dialogue with our employee representative bodies is also embedded in our work practices.

Continued engagement and consultations with Trade Union & Personal Contract holder structures - Company Council, European Works Council, Corporate Social Responsibility Forum, Strategy meetings, and Business Unit specific forums.

**We Support...**

**Diversity & Inclusion.**

Having a diverse workforce at all levels of our company will ensure we make better decisions - for our business and for our stakeholders. We believe that employing a diverse mix of people makes us a stronger and more sustainable business, and one that reflects the diverse society around us. We also value and encourage diversity of thought, perspective and experience in all respects.

The Group promotes diversity through a number of diversity and inclusion networks for its workforce which are sponsored by senior management and provide environments for employee feedback and comment, including LGBT Supporters; Women's; Black, Asian and Minority Ethnic; Disability and Carers; Working Parents; Forces Support; Young Professionals; Cancer Support; and Mental Health Supporters.

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**STRATEGIC REPORT (CONTINUED)**

**Review of the business**

The loss for the year before taxation amounted to £162.4m (2018: £64.3m) and the loss after taxation amounted to £133.1m (2018: £68.8m). The net liabilities at the end of the year amounted to £153.1m (2018: net liabilities (£20.0m)).

EDF Energy Customers Limited (the Company) 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.

**Regulatory environment**

**Price cap**

The Domestic Gas and Electricity (Tariff Cap) Act 2018 came into force on 19 July 2018. The act requires the introduction of a temporary tariff cap for customers on a prepayment meter tariff or a default energy tariff, including standard variable tariffs (SVTs). From March 2018 Ofgem ran a consultation process which culminated in its decision to introduce the cap with effect from 1st January 2019. Ofgem updates the level of the cap two times per year with updates taking effect from April and October. At the time of its introduction, Ofgem expected the cap to provide price protection for around 4 million prepayment customers and 11 million default customers. The prepayment cap is expected by Ofgem to remain in place until 2020, and the default SVT cap to 2023.

**Supplier failure**

Eight energy suppliers failed and ceased trading in 2019, including two (Toto Energy and Solarplicity) that resulted in EDF Energy being selected as the Supplier of Last Resort (SoLR) for these suppliers' customers. Together these have increased our domestic customer portfolio by around 5%. Supplier failure typically results in other suppliers bearing mutualised policy and other costs. Ofgem is undertaking a review of supplier licensing arrangements to ensure appropriate criteria are met by applicant and holders of supply licenses, including to minimise risks and impacts of future supplier failures. The proposed reforms include increased regulatory monitoring of all suppliers to ensure effective risk management processes, and measures to secure customers' credit balances in the event of supplier failure. Ofgem will publish their final decision during the first half of 2020 with implementation later in the year.

**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 Limited which uses commodity hedge contracts to mitigate the price risk and through the deployment of appropriate tariff management.

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**STRATEGIC REPORT (CONTINUED)**

**Margin risk**

Margin price risk arises due to the uncertainty of future customer numbers and demand for gas and electricity, the inability to perfectly hedge customer demand and the impact of wholesale markets on competitor prices. Electricity and gas to service our customers is purchased either from our Generation assets or from the wholesale market, via EDF Trading. Market risk exposure is managed in accordance with the Group's risk mandate, and is monitored through a well-defined governance process.

**Interest rate risk**

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

**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 expected credit losses estimated by the Group's management based on forward looking collection information 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.

**Reputation risk**

EDF Energy has based its brand on its customer commitments, its reputation and building trust. Inappropriate communication made to the public and/or to stakeholders, or failure to maintain and demonstrate appropriate standards may result in degradation of the brand and could potentially damage its reputation. Management has introduced key standards of conduct to provide guidance to all staff when making decisions. A trust index is monitored along with continuous review of compliance programmes.

**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 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 there is a confidential helpline 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. The Group has invested in technology to protect itself from such threats. The Company has policies, plans and controls in place to respond to the operational impact of such a threat.



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**STRATEGIC REPORT (CONTINUED)**

**Political and regulatory risk**  
**EU Referendum**

The United Kingdom (UK) voted to leave the membership of the European Union (EU) on 23 June 2016. Following the vote to leave, a Withdrawal Agreement (WA) and Political Declaration (PD), setting out the framework for the future relationship between the European Union and UK after the UK's exit from the European Union and Euratom, were agreed in November 2018 but were subsequently revised in October 2019. The revised Agreements (WA and PD) were subsequently approved by both the UK Parliament and the EU institutions in January 2020 and the UK officially left the EU on 31 January 2020.

EDF Energy is committed to developing UK skills and is investing in UK skills and talent. However, the Company recognises the importance of being able to access necessary skills and talent of people from outside of the UK. Industry needs to be able to draw on skills and talent from the EU and beyond and this is especially relevant for the volume of construction workers required to complete construction of HPC. The Company has engaged with the UK Government and other organisation such as Confederation of British Industry and Energy UK, making the case that the UK needs to have an immigration system that enables appropriate labour mobility and entry to the UK for such people. UK Government's announcement of the European Temporary Leave for applicants prior to December 2020 to remain in the UK for 3 years in a no-deal situation is positive for all parts of our business and alleviates many concerns about a "cliff-edge".

Economists have assessed that a no-deal Brexit could result in lower base interest rates and higher inflation, following an expected weakening of sterling compared to other currencies. The impact of such potential changes is expected to be immaterial to the financial statements of the Company.


Macroeconomic impacts on existing trade receivable recoverability are expected to be immaterial but could have a greater impact on future trade receivable recoverability.

**Going concern**

After making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months (including subsequent events and the impact of COVID-19 (note 26)), the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has the ability to draw on 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, along with the support provided by other group companies. EDF Energy Limited, the intermediate parent company, has also agreed to support the Company financially and not to recall amounts advanced to the Company if it would impact on the ability of the Company to continue trading and meet other liabilities as they fall due. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board on 30 July 2020 and signed on its behalf by:

DocuSigned by:  
  
BA3993070236493...

Simon Todd  
Director  
30 July 2020

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**DIRECTORS' REPORT**

The Directors present their annual report and the financial statements for the year ended 31 December 2019.

Principal risks, principal activities, uncertainties and going concern are discussed within the Strategic Report.

**Directors**

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

James Poole

Richard Hughes

Dawn Fortune

Philippe Commaret (appointed 6 November 2019)

Katherine Jacob (resigned 4 October 2019)

Beatrice Bigois (resigned 1 January 2020)

The following directors were appointed after the year end:

Sarah Hancock (appointed 1 January 2020)

Julie Ann Meanwell (appointed 26 February 2020)

Jean-Benoit Marie Ritz (appointed 26 February 2020)

Dr Neville Towers (appointed 26 February 2020)

Simon Todd (appointed 1 May 2020)

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 Électricité de France ("EDF SA") group, and have contracts with those companies.

No Director held any interests in the shares or debentures of the Company or the Group that are required to be disclosed under the Companies Act 2006.

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**DIRECTORS' REPORT (CONTINUED)**

**Corporate Governance Statement**

**Part 1**

**Introduction**

For financial year ending 2019, the Company continued to act in accordance with the robust corporate governance arrangements, outlined further in Part 2 of this Statement, which are embedded across the EDF Energy group (the Group). The Company also continued to support its ultimate parent company, EDF SA, a listed company on the Euronext Paris, complying with its obligations under the French Afep-Medef Code.

Notwithstanding the ongoing support to EDF SA, the Group takes its own approach to corporate governance very seriously; something which is demonstrated through the company culture and behaviours adopted across the Group. To ensure strong corporate governance practices are maintained, the Group acts in accordance with 14 overarching internal policies which are underpinned by the "Better Plan", a framework enabling the Group to be a sustainable and responsible energy business. The Better Plan is also published on the EDF Energy website. Application of the 14 policies is tested by Group on an annual basis as part of its company wide internal controls self-assessment. This is also linked to EDF SA's requirement to satisfy the French Securities Markets Authority (Autorité des Marchés) Listing Requirements.

The Company is not required to comply with the UK Corporate Governance Code but seeks to apply best practices from the Code as appropriate to the Company and aligned with the corporate governance practices of the EDF SA group. In part, this is demonstrated by the approach the Group takes to drive independent challenge at its Board meetings by appointment of an Independent Chairman on the Group's main governance Board, and whenever appropriate to the needs of the Group Company, by appointment of Independent Non-Executive Directors, or provision of independent oversight at meetings by Observers or Assurance Advisors, otherwise known as being Suitably Qualified and Experienced Persons (SQEP).

As part of the recent implementation of the Companies (Miscellaneous Reporting) Regulations 2018, the Company has spent time reviewing its and the Group's approach to corporate governance alongside considering the various formal Codes and Wates Principles for Large Private Companies in publication.

Following this review, the Company was reassured that the corporate governance practices already being adopted across the Company and the Group are well aligned to formal codes such as the Wates Principles for Large Private Companies, and in many areas go beyond this.

As a result, the conclusion was that adopting a corporate governance code in 2019, such as the Wates Principles for Large Private Companies, could lead to confusion and inconsistency of approach and in certain cases could even result in a dilution of Corporate Governance Standards.

As a result, the Company has decided not to adopt the Wates Principles for Large Private Companies but use these principles as a benchmark for its corporate governance practices. This approach ensures the Board can demonstrate how it makes decisions for the long term success of the company and its stakeholders and also how the Board ensures the Company and wider Group complies with the requirements of Section 172 of the Companies Act 2006. This should drive the best of all governance options, whilst at the same time enabling a consistent approach to corporate governance practices across the Group and wider EDF SA group.

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**DIRECTORS' REPORT (CONTINUED)**

**A summary of the Group**

As outlined above, the corporate governance arrangements of the Group stem from the Better Plan. The Better Plan sets out six core "Better Energy Ambitions" (the Ambitions) for improving the Group's social, economic and environmental performance, being:

- To achieve Zero Harm to people;
- To be better than anyone else at solving our customers' energy needs;
- To lead the decarbonisation of the electricity sector and achieve a net zero environmental impact;
- To achieve strong financial and ethical performance;
- To achieve world-leading excellence in nuclear construction, operation and decommissioning; and to shape a diverse, low-carbon electricity system; and
- To empower our people to be a force for good.

The Ambitions are promoted throughout the business, encouraging a healthy company culture and promoting the Group's values and strategy. The reason for creating the Better Plan was to firmly align the Group with the values and goals of its parent company, EDF SA, who has set a strategic vision to 2030 to be an efficient, responsible electricity company, champion of low-carbon growth (the 2030 Vision). Further, the Ambitions closely link to both the wider EDF SA group's Corporate Social Responsibility Goals and, in turn, the United Nations' long term vision for sustainable development - the UN Sustainable Development Goals. In July 2019, EDF SA launched a new Group Ethics Charter which supports the 2030 Vision while bringing ethical requirements back to the heart of its corporate responsibility. Built upon EDF SA Group's three values of respect, solidarity and responsibility, it sets out the principles which guide the everyday actions and behaviour of EDF SA Group employees worldwide, which includes employees of the Group.

In addition, the Group promotes diversity through a number of diversity and inclusion networks for its workforce: LGBT Supporters; Women's; Black, Asian and Minority Ethnic; Disability and Carers; Working Parents; Forces Support; Young Professionals; Cancer Support; and Mental Health Supporters.

This statement will explain what arrangements the Company had in place during 2019 to maintain its strong corporate governance culture and support delivery of the 2030 Vision, which, for ease of review, have been aligned with the Wates Principles for Large Private Companies to ensure consistency with the principles of formal codes of governance.

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**DIRECTORS' REPORT (CONTINUED)**

**PART 2**

**The Company operates an effective board that has developed and promoted the purpose of a company, and ensured the Company values, strategy and culture align with that purpose.**

EDF Energy is proud to be the UK's largest producer of low-carbon electricity. In 2019, EDF Energy launched 'Generation Electric' which supports the wider EDF Group 2030 Vision through innovation and a dedication to electric and renewable sources of energy. The Company supports the 2030 Vision by defining its own ambition as being better than anyone else at solving its customers' energy needs. This will be achieved by the Company doing the basics brilliantly, whilst caring for the most vulnerable in society, and seizing the opportunities that demand for digital will offer; including digital energy efficiency solutions that can benefit both its domestic and business customers, saving them money and reducing their environmental impact.

To ensure the Company's ambition is articulated and implemented throughout the Customers business, internal communications are regularly issued to employees from leaders at all levels. The Board has developed and promoted the purpose of the company through the Group's communications team which supports the Company to ensure appropriate tailored communications are issued that support the Company's strategy, sustainable business plan and brand vision. The Company also has an open and ongoing dialogue with trade unions and other employee representatives.

Externally, the communications team supports the Company to manage reputational issues and stakeholder engagement. Public and political opinion with regard to EDF Energy is monitored and the team frequently engages with political parties and other stakeholders to ensure engagement continues. The social media team has an active listening, response and monitoring strategy, to gauge market perception of delivery of the strategy of the Company.

The Group conducts its EDF Group Employee Engagement Survey, 'My EDF', annually which gathers the views and opinions of all employees with regard to their work situation at local level and within the EDF SA Group. It identifies areas of satisfaction and opportunities for improvement in order to help establish priorities within the Group and to input action plans within the different teams. The results of the My EDF survey are used to support the setting of company strategy, realign company purposes / values (where identified as being required) and define individual team objectives to help deliver the 2030 Vision.

**The Company has an effective board composition, with an effective Chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of the board is appropriate to the scale and complexity of the Company.**

The purpose of the Board is to provide vision and leadership to the Company's management and to oversee management's performance by having oversight over safety and operational performance; key technical issues; risks; HR, financial and commercial matters. The overriding objective of the Board is to act as a governance forum with oversight of the Company's operations within the Customers business unit. To assist with these responsibilities the Board utilises committees and internal governance bodies established within the Group to consider matters in detail. These current committees include:

1. EDF Energy Executive Team;
2. Customers Margin Committee;
3. EDF Energy Energy Risk Management Committee; and
4. I&C Credit and Debt Committee

In addition, the Board utilises the following standing sub-committees adopted by the main governance board of the Group, being EDF Energy Holdings Limited and which are governed by supporting Terms of Reference:

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**DIRECTORS' REPORT (CONTINUED)**

5. EDF Energy Company Health and Safety Committee;
6. EDF Energy Audit Committee; and
7. EDF Energy Remuneration Committee.

In addition, the Company and wider Group has adopted and acts in accordance with a Financial Authority Limit (FALs) framework which means contracts and transactions up to a certain financial threshold are not required to be presented to the Board for approval (unless otherwise required).

The directors of the Company have given careful consideration to the size and structure of the board, in order to meet the strategic needs and challenges of the organisation. The composition includes the Managing Director, Customers and members of the Customers Business Unit Executive Team (the Customers ET) bringing oversight from all aspects of the Customers business including Finance, HR and Sales & Marketing. The balance of skills and experience of the Board composition facilitates constructive challenge and effective decision-making.

There has been a considered effort to establish an appropriate balance of expertise, diversity and objectivity within the Board. Diverse characteristics considered are gender, social and ethnic backgrounds, and cognitive and personal strengths. All Directors appointed have strong background in the relevant sector(s). Changes to the Board composition of the Company, particularly appointments, are approved in accordance with the 'Politique Gouvernance des filiales' policy mandated by EDF SA for the worldwide EDF SA Group before being approved by the Company.

On appointment, Directors are provided with the EDF Energy Directors Training and Induction Manual which is intended to provide them with key information they need to understand their obligations as a Director, how to comply with them, and how to operate within EDF Energy's corporate governance framework. Directors are also offered face-to-face bespoke training should they need additional support in their new role and are encouraged to update their skills, knowledge and familiarity with the Group by meeting with senior management, visiting sites (such as the power stations and call centres) and by attending appropriate external seminars and training courses.

In order to ensure that all potential conflicts of interest of Directors are identified and duly authorised, any newly appointed Director is required to complete a Conflicts of Interest Questionnaire and sign a declaration to this effect. This information is collected by the Company Secretary. Directors are reminded that any new conflicts arising thereafter must be declared and authorised in advance by the board of directors or by the shareholders.

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**DIRECTORS' REPORT (CONTINUED)**

**The Board and individual directors have a clear understanding of their accountability and responsibilities. The Company's policies and procedures support effective decision-making and independent challenge.**

The Company's constitutional documents set out the authority, role and conduct of Directors. Day-to-day management and the implementation of strategies agreed by the Board are delegated to the relevant Director(s), who are also members of the Customers ET. The reporting structure below board level is designed so that decisions are made by the most appropriate people in a timely manner. Management teams report to members of the Customers ET. The directors receive regular, timely information on all aspects of the Customers business ahead of each Board meeting and are confident in the integrity of the information used for decision-making. This is due to its internal procedures in relation to financial reporting, key performance indicators (KPIs), workforce data, environmental data, stakeholder engagement feedback and consumer data.

The Group Corporate Governance Policy underpins the company policy framework and sets out:

1. The requirement for there to be governance bodies;
2. Their composition;
3. The FALs;
4. The Policy Operating Framework;
5. The requirement for BUs to have local governance arrangements;
6. The requirement to have processes and procedures in place to facilitate the discharge of board duties as well as to provide evidence of decision-making;
7. The annual self-assessment of the effectiveness of corporate governance processes and controls; and
8. The requirement for board members to receive training.

The above-mentioned policies and procedures enable the Board to make informed decisions on key issues including strategy and risk management.

Key financial information is collated from SAP, the Group's accounting system. The Group's finance function is appropriately qualified to ensure the integrity of this information is provided with the necessary training to keep up to date with regulatory changes. Financial information is currently externally audited by Deloitte LLP on an annual basis (External Auditors).

The Company uses FALs (as detailed in the Group Corporate Governance Policy) and contract signatory authority mechanisms to control and provide oversight over the various financial commitments it enters into. The FALs are formally adopted by the Company annually as part of good governance procedures.

In addition, the Group Audit Charter provides internal authority to independently assess the effectiveness of risk management, control and governance processes by the Company and wider Group. The findings of any such review are reported to the Audit Committee of the EDF Energy Holdings Limited Board and presented to the Company to discussion.

**The Board promotes long-term sustainable success of the Company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risk.**

The Company has stringent risk management culture through policies, reporting and internal audit and assurance enabling Directors to make robust decisions concerning principal risks to the Group. The Group has developed a Risk and Internal Controls policy, which defines key standards the group companies should be achieving. The Company assesses itself against these standards, and the Group is audited against them to provide assurance that group companies have an appropriate risk culture. The Directors have agreed on how these principal risks should be managed or mitigated to reduce the likelihood of their incidence or magnitude of their impact. These risks are set out in the "Principal risks and uncertainties" section of the Strategic Report.

**EDF ENERGY CUSTOMERS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**DIRECTORS' REPORT (CONTINUED)**

The Group has also adopted a Sustainable Business Policy, which sets out the requirement:

1. For EDF Energy to have a Better Plan and related strategic goals and targets that are reviewed periodically;
2. For governance bodies to provide strategic direction and monitor progress against the delivery of The Better Plan;
3. To embed being a sustainable and responsible business into decision making, policies and processes;
4. For sustainable business communications, training and tools to be provided to all employees to ensure awareness, understanding and action to deliver The Better Plan;
5. For there to be defined responsibilities for delivering, measuring and reporting on progress; and
6. For sustainability performance to be reported publicly, annually and for this information to be independently assured.

In practice, control testing against each Group policy is carried out at least annually through the Internal Control Self-Assessment process. Improvement actions (where required) are identified following completion of the results to facilitate continuous improvement across teams. These results are then reported to the EDF Group Risk department to support EDF SA's compliance with the French Afep-Medef Code.

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**EDF ENERGY CUSTOMERS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**DIRECTORS' REPORT (CONTINUED)**

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2. For governance bodies to provide strategic direction and monitor progress against the delivery of The Better Plan;
3. To embed being a sustainable and responsible business into decision making, policies and processes;
4. For sustainable business communications, training and tools to be provided to all employees to ensure awareness, understanding and action to deliver The Better Plan;
5. For there to be defined responsibilities for delivering, measuring and reporting on progress; and
6. For sustainability performance to be reported publicly, annually and for this information to be independently assured.

In practice, control testing against each Group policy is carried out at least annually through the Internal Control Self-Assessment process. Improvement actions (where required) are identified following completion of the results to facilitate continuous improvement across teams. These results are then reported to the EDF Group Risk department to support EDF SA's compliance with the French Afep-Medef Code.

**EDF ENERGY CUSTOMERS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**DIRECTORS' REPORT (CONTINUED)**

**The Board promotes executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the Company.**

The Group's executive remuneration structures and policies are set and implemented within the wider framework of EDF Group policies for Senior Leaders and operate under the supervision and governance of the EDF Energy Remuneration Committee (as referenced above) of EDF Energy Holdings Limited. Although the purpose of the EDF Energy Remuneration Committee is to provide a forum for considering the level and composition of the remuneration of the EDF Energy Holdings Board and Executive Team, its responsibilities are wide and go beyond the scope of just this. One of its responsibilities is to make recommendations about the overall remuneration policy of the Group having due regard to the practices adopted by comparator UK companies and the need to attract, retain and motivate employees of the experience and calibre required, including detailed elements of the remuneration packages, pension arrangements and service contracts for the above group.

The Group operates both short-term and long-term incentives arrangements for their Senior Leaders, with targets which align to and reinforce the requirement for the long-term sustainability and performance of the business. These incentives represent a significant part of the remuneration package of the Senior Leaders.

The individual performance of Senior Leaders across the Group, and determination of their annual pay awards, is balanced with affordability based on the Company's economic and financial position, including that of the wider Group. When determining the pay approach for the Senior Leaders, as well as setting the rules of the annual incentive arrangements, the EDF Energy Remuneration Committee ensures that the principles used are consistent with the approach applied to the rest of the workforce (for instance regular benchmarking against the market, through Competition Act 1998 compliant processes).

The Company is committed to building a sustainable future for all employees. Honouring this commitment means fostering a work environment where everyone is rewarded fairly for the work they do and the contributions they make to the Company's success. The Group is also an active equal opportunities employer and promotes an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment and career development regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation or disability. All decisions relating to employment practices (including remuneration) are objective, free from bias and based solely upon work criteria and individual merit. The Company reported its gender pay gap information on 11 March 2020.

**Directors foster effective stakeholder relationships aligned to the Company's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.**

The Company's key stakeholders, and the ways in which it engages with them, are set out in the Strategic Report.

The Company is clear that good governance and effective communication are essential on a day-to-day basis to deliver the Ambitions and 2030 Vision and to protect the Company's brand, reputation and relationships with all our stakeholder community including shareholders, customers, employees, suppliers and the local communities in which we work.

The Board is committed to social responsibility, community engagement and environmental sustainability which is demonstrated through the Ambitions, namely to have a culture of zero harm (ensuing the safety, health and wellbeing of everyone who works with the Group), creating a positive environmental and social impact; and being an employer of choice.

**EDF ENERGY CUSTOMERS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**DIRECTORS' REPORT (CONTINUED)**

The Company (through relevant teams within the Group) engages, informs and consults with its employees on matters affecting them. This is carried out in a number of ways which all give employees a voice and in which our senior leaders actively participate. Some of the mechanisms include:

1. Formal and informal briefings, departmental meetings and regular reports in staff newsletters and on the Group intranet.
2. Through our existing Trade Union & Personal Contract holder structures - Company Council, European Works Council, Corporate Social Responsibility Forum, Strategy meetings, and business unit specific forums.
3. Our employee networks which are sponsored by senior management and provide diverse and inclusive environments for employee feedback and comment.
4. Our 'My EDF' employee engagement survey which enables employees to provide direct feedback to executives. The Board considers the results of all employee engagement surveys as a good barometer of the workforce's confidence in the Group's strategic direction, optimism in the future and career opportunities.

The Company and wider Group proactively engages with relevant external stakeholders (such as the Department for Business Energy and Industrial Strategy, Ofgem, Citizens Advice, etc) to provide updates and discuss issues in the energy market. 'Day After Reports' are produced by attendees of any meeting with external stakeholders and circulated to internal stakeholders to facilitate transparency.

The Customers business unit and its respective teams therein, are responsible for engagement with relevant stakeholders affecting the Customers business, ensuring that the information shared with them represents a fair, balanced and understandable assessment of the Company's position and prospects. These teams also evaluate any feedback from stakeholders and escalate information (where relevant) to the Board for consideration in order to aid its principle decision making.

The Director of Customer Operations attends monthly Retail Committee Meetings with the industry trade body (Energy UK). This forum is used to discuss regulatory and policy issues arising and to provide direction to Energy UK when engaging external stakeholders.

In recent years, the Company, in addition to other companies within the Group that meet the applicable threshold, have begun publishing its Modern Slavery Act Statement, Gender Pay Gap Report, Payment Practices and Report and Tax Strategy Statement in accordance with recent updates to UK law and regulation. Each of these is published externally. These reports are used to help the Company continue to improve its performance in these areas.

**Stakeholder & Employee Engagement Statements**

In accordance with Schedule 7, paragraph 1A of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Company sets out its Stakeholder and Employee Engagement Statements as part of its S.172 Companies Act 2006 Statement in the Strategic Report; the reason for this is because the directors consider the content to be of strategic importance to the Company and complements the content of the S.172 Companies Act 2006 Statement.

**Dividends**

The Directors do not recommend payment of a dividend (2018: £nil).

**Political donations**

The Company made no political donations in the current year or prior year.

**Future developments**

The future developments of the Company are outlined in the Principal activity section of the Strategic Report.

**EDF ENERGY CUSTOMERS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**DIRECTORS' REPORT (CONTINUED)**

**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.

**Post balance sheet event**

Subsequent events, including the impact of Covid-19, are disclosed in note 26 of the financial statements.

**Disclosure of information to the auditor**


Each Director has taken 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. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

This confirmation is given and should be interpreted in accordance with the provision of s.418 of the Companies Act 2006.

**Reappointment of auditor**

It is noted that Deloitte LLP as appointed by the members are deemed to be re-appointed as the auditors to the Company for the financial year ending 31 December 2020 in accordance with the provisions of Section 487(2) of the Companies Act 2006 and that the Directors have been authorised to fix the remuneration of the auditors.

Approved by the Board on 30 July 2020 and signed on its behalf by:

DocuSigned by:  
  
BA3993070238493...

Simon Todd  
Director  
30 July 2020

**EDF ENERGY CUSTOMERS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors are responsible for preparing the Annual Report and audited 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), including Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has 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 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.

**EDF ENERGY CUSTOMERS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF ENERGY CUSTOMERS LIMITED**

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of EDF Energy Customers Limited (the 'company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

**EDF ENERGY CUSTOMERS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

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

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

**Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
  - the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.
- In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.

*Nigel Thomas*

Nigel Thomas (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor

London, United Kingdom

Date: 30 July 2020



**EDF ENERGY CUSTOMERS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2019**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £ m	2018 £ m
Revenue	4	7,201.1	6,602.5
Energy and related purchases	5	<u>(6,569.9)</u>	<u>(5,795.1)</u>
<b>Gross margin</b>		631.2	807.4
Materials and contractor costs		(56.1)	(81.8)
Personnel expenses	6	(197.3)	(191.5)
Other operating expenses		(462.0)	(429.7)
Other operating income		<u>10.9</u>	<u>3.7</u>
<b>Operating (loss)/profit before depreciation and amortisation</b>	7	(73.3)	108.1
Depreciation and amortisation		<u>(73.8)</u>	<u>(88.1)</u>
<b>Operating (loss)/profit after depreciation and amortisation</b>		<u>(147.1)</u>	<u>20.0</u>
Restructuring Costs		(14.2)	-
Loss on disposal of property, plant and equipment		(0.1)	-
Impairment of non-current assets	12	<u>-</u>	<u>(81.5)</u>
<b>Loss before taxation and net finance costs</b>		(161.4)	(61.5)
Investment income	8	3.0	3.1
Finance costs	9	<u>(4.0)</u>	<u>(5.9)</u>
<b>Loss before taxation</b>		(162.4)	(64.3)
Taxation	11	<u>29.3</u>	<u>(4.5)</u>
<b>Loss for the year</b>		<u><u>(133.1)</u></u>	<u><u>(68.8)</u></u>

The above results were derived from continuing operations in both the current and preceding year.

**EDF ENERGY CUSTOMERS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2019**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>2019</b>	<b>2018</b>
	<b>£ m</b>	<b>£ m</b>
Loss for the year	(133.1)	(68.8)
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Remeasurement of retirement benefit obligations	-	35.8
Income tax effect	-	(5.8)
Total comprehensive income	<u>(133.1)</u>	<u>(38.8)</u>

The income tax effect on defined benefit pensions includes deferred tax charge of £nil (2018: charge of £8.9m) and a current tax credit of £nil (2018: credit of £3.1m).

In 2018, the EDF Energy Limited group of companies re-assessed the way in which the two pension schemes; EEPs and EEGSG should be allocated. As a result the assets and liabilities associated with these schemes were transferred to EDF Energy Limited with no consideration payable. The costs, assets, liabilities and unrecognised actuarial gains and losses of the pension schemes are now reflected in the financial statements of the sponsoring employer, EDF Energy Limited.

**EDF ENERGY CUSTOMERS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2019**

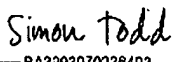
**BALANCE SHEET**  
**AT 31 DECEMBER 2019**

	Note	2019 £ m	2018 £ m
<b>Non-current assets</b>			
Intangible assets	12	318.2	314.5
Property, plant and equipment	13	16.9	43.6
Investment in subsidiary and associate undertakings	14	57.1	54.1
Right of use assets	15	5.7	-
Financial assets	16	17.5	11.7
		<u>415.4</u>	<u>423.9</u>
<b>Current assets</b>			
Financial assets	16	4.0	4.0
Trade and other receivables	17	1,438.9	2,317.6
Cash and cash equivalents	18	526.7	-
Current tax asset		47.4	15.7
		<u>2,017.0</u>	<u>2,337.3</u>
<b>Total assets</b>		<u>2,432.4</u>	<u>2,761.2</u>
<b>Current liabilities</b>			
Other liabilities	19	(2,525.1)	(2,572.9)
Borrowings	20	-	(105.6)
Short-term provisions	21	(9.1)	(46.8)
Lease liability	15	(2.4)	-
		<u>(2,536.6)</u>	<u>(2,725.3)</u>
<b>Net current liabilities</b>		<u>(519.6)</u>	<u>(388.0)</u>
<b>Total assets less current liabilities</b>		<u>(104.2)</u>	<u>35.9</u>
<b>Non-current liabilities</b>			
Borrowings	20	(39.0)	(51.8)
Deferred tax liability	22	(6.6)	(4.1)
Lease liability	15	(3.3)	-
<b>Total liabilities</b>		<u>(2,585.5)</u>	<u>(2,781.2)</u>
<b>Net liabilities</b>		<u>(153.1)</u>	<u>(20.0)</u>
<b>Capital and reserves</b>			
Called up share capital	23	10.0	10.0
Capital redemption reserve		(0.4)	(0.4)
Retained earnings		<u>(162.7)</u>	<u>(29.6)</u>
<b>Shareholders' funds</b>		<u>(153.1)</u>	<u>(20.0)</u>

**EDF ENERGY CUSTOMERS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**BALANCE SHEET  
AT 31 DECEMBER 2019**

The financial statements of EDF Energy Customers Limited (registered number 02228297) on pages 23 to 57 were approved by the Board and authorised for issue on 30 July 2020 and signed on its behalf by:

DocuSigned by:  
  
BA3993070238493...

Simon Todd  
Director  
30 July 2020

**EDF ENERGY CUSTOMERS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2019**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital £ m	Capital redemption reserve £ m	Retained earnings £ m	Total £ m
At 1 January 2018	1,000.0	(0.4)	(980.8)	18.8
Loss for the year	-	-	(68.8)	(68.8)
Other comprehensive income	-	-	30.0	30.0
Capital reduction	(990.0)	-	990.0	-
At 31 December 2018	<u>10.0</u>	<u>(0.4)</u>	<u>(29.6)</u>	<u>(20.0)</u>
Loss for the year	-	-	(133.1)	(133.1)
At 31 December 2019	<u><u>10.0</u></u>	<u><u>(0.4)</u></u>	<u><u>(162.7)</u></u>	<u><u>(153.1)</u></u>

**EDF ENERGY CUSTOMERS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**NOTES TO THE FINANCIAL STATEMENTS**

**1 General information**

The Company is incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on the contents page. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 7.

**Basis of preparation**

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) "Reduced Disclosure Framework". These financial statements were prepared in accordance with Financial Reporting Standard 101 (FRS 101) Reduced Disclosure Framework.

**Changes in accounting policy**

**Adoption of new and revised International Financial Reporting Standards**

The following have been applied for the first time from 1 January 2019:

***IFRS 16 – Leases***

IFRS 16 "Leases" was adopted by the European Union on 31 October 2017 and is mandatory for financial years beginning on or after 1 January 2019. IFRS 16 requires all leases other than short-term leases and leases of low-value assets to be recognised in the lessee's balance sheet in the form of a "right-of-use" asset, with a corresponding financial liability.

The Company has applied this standard retrospectively from 1 January 2019 without restating the figures for the comparative periods (modified retrospective approach).

The impact of adoption of this standard and the key changes to the accounting policies are disclosed in note 15 leases.

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

**2 Accounting policies**

**Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the asset. The financial statements are presented in pounds sterling as that is the currency for the primary economic environment in which the company operates.

**Summary of disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) The requirements of IFRS 7 Financial Instruments: Disclosures;
- b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- d) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
- e) the requirements of IAS 7 Statement of Cash Flows;
- f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- j) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a)-119(c), 120-127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- k) the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases; and
- l) the requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

Where relevant equivalent disclosures have been given in the group accounts which are available to the public as set out in note 25.

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

**2 Accounting policies (continued)**

**Going concern**

After making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months (including subsequent events and the impact of COVID-19 (note 26)), the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has the ability to draw on 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, along with the support provided by other group companies. EDF Energy Limited, the intermediate parent company, has also agreed to support the Company financially and not to recall amounts advanced to the Company if it would impact on the ability of the Company to continue trading and meet other liabilities as they fall due. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

**Exemption from preparing group accounts**

The financial statements contain information about EDF Energy Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of EDF Energy Holdings Limited, a company incorporated in United Kingdom.

**Revenue recognition**

Revenue is recognised to depict the transfer of promised goods and services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Revenue is recognised either when the performance obligation in the contract has been performed or as control of the performance obligation is passed to the customer.

**Energy supply:** Revenue is recognised on the basis of electricity and gas supplied during the year and is attributable to the supply of electricity and gas and meter reading and related services. This includes an estimate of the sales value of units and terms 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. Any unbilled revenue is included in trade receivables, net of provision for expected credit losses, to the extent that is considered recoverable.

Revenue comprises the value of work completed, goods supplied and services rendered during the year, net of value added tax.

**Interest income:** Interest income is recognised as the interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.



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

**2 Accounting policies (continued)**

**Taxation**

**Current tax**

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 by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

**Deferred tax**

Deferred tax is provided or recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax arising from (1) the initial recognition of goodwill, (2) the initial recognition of assets or liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit, or (3) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future, is not provided for.

Deferred tax assets are recognised to the extent it is more likely than not that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply for the period when the asset is realised or the liability is settled based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

**Current tax and deferred tax for the year**

Current tax and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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

**2 Accounting policies (continued)**

**Property, plant and equipment**

Property, plant and equipment is stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

**Borrowing costs**

Borrowing costs incurred relating to the construction or purchase of fixed assets are capitalised and depreciated as outlined below.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

In instances where the Company borrows funds specially for the purpose of obtaining a qualifying asset, the borrowing costs incurred are the borrowing costs that are capitalised. In instances where the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, a capitalisation rate is applied based on the weighted average cost of general borrowings during the period.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

**Depreciation**

Depreciation is calculated on a straight-line basis, less any residual value, over the estimated useful life of the asset and charged to the income statement as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Information technology	Three to ten years
Tools and equipment	Five years
Meters	Four to twenty years
Fixtures and equipment	Four to five years
Motor vehicles	Five years

**Assets under construction**

Assets under construction are recognised as the total of cost of purchase, construction and installation of tangible assets to bring them into use. For the assets to be brought into use, they are transferred to relevant tangible asset classes where they are depreciated as per the policy of that tangibles asset class. No depreciation is recognised prior to these transfers.

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

**2 Accounting policies (continued)**

**Impairment of non-financial assets**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

**Intangible assets**

**IT software**

IT software is initially recognised at cost and is amortised on a straight-line basis over a useful economic life of 3-8 years.

**Licence**

Licences are initially recognised at cost and are subsequently amortised on a straight line basis over a useful economic life of 9 years

**Customer contracts**

The incremental costs of obtaining a customer contract is capitalised if it the company expects to recover those costs. The capitalised cost is subsequently amortised on straight line basis over a useful economic life of 2 years.

**Brand**

In 2018, an impairment was recognised to reduce the carrying value of the brand to £nil. Refer to note 12 for further information.

**Other intangible assets under construction**

Other Intangible assets under construction are recognised as the total of cost of purchase, development and installation of intangible assets to bring them into use. For the assets to be brought into use, they are transferred to the relevant intangible asset classes where they are amortised per the policy of the intangible asset classes. No amortisation is recognised prior to these transfers.

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

**2 Accounting policies (continued)**

**Investment**

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

**Trade receivables**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses. Expected credit losses are estimated based on applying a percentage provision rate to the aged debt book at the end of each period. The provision rates are based on the comparison of historical rates of collection compared to billing data and forward looking information.

**Cash and cash equivalents**

Cash and cash equivalents comprises cash at bank and in hand, including short term deposits with a maturity date of three months or less from the date of acquisition and amounts included in cash pooling with group companies.

**Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

**Borrowings**

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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

**2 Accounting policies (continued)**

**Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**Financial assets**

Financial assets are classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the Company's business model for managing of financial assets and
- (b) the contractual cash flow characteristics of financial asset.

**Financial assets measured at amortised cost**

Financial assets are classified as measured at amortised cost if both the following conditions are met:  
(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and  
(b) the contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial assets measured at fair value through other comprehensive income (FVOCI)***

Financial assets are classified as measured at fair value through other comprehensive income if both the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and
- (b) the contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial assets measured at fair value through profit or loss (FVTPL)***

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

**Recognition of expected credit losses**

The Company recognises a loss allowance for expected credit losses on a financial asset that is measured at amortised cost, measured at fair value through other comprehensive income, a receivable, a contract asset or a loan commitment and a financial guarantee contract to which impairment requirements apply.

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

**2 Accounting policies (continued)**

At each reporting date, the Company measures the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The expected credit losses are assessed considering all reasonable and supportable information, including that which is forward-looking.

If at the reporting date the credit risk on a financial instrument has not increased significantly since initial recognition, the Company will measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The amount of credit losses (or reversal) is recognised in profit or loss, as an impairment gain or loss at the reporting date.

**De-recognition of financial assets**

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset along with substantially all the risks and rewards of ownership to a third party. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying value, the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the income statement.

**3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

***Key sources of estimation uncertainty***

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

**3 Critical accounting judgements and key sources of estimation uncertainty (continued)**

**Revenue recognition**

Revenue includes an estimate of the sales value of units supplied to customers between the date of the last meter reading and the year end. This is calculated by reference to data received through the third party settlement system together with estimates of consumption not yet processed through settlements and selling price estimates. These estimates are sensitive to the assumptions used in determining the portion of sales not billed and based on actual meter readings at the reporting date. Furthermore the industry settlement system itself includes an inherent degree of estimation, depending on the maturity of that data. The industry reconciliation process allocates volumes between suppliers based on a combination of estimated and metered customer consumption. Over time, as more actual reads become available and replace previous consumption estimates, the allocation of volumes between suppliers is updated through the industry reconciliation process, and becomes continually more accurate as a result.

Revenue is valued at average pence per unit, and any unbilled revenue is treated as an unbilled debtor. This figure is adjusted based on a judgement of the likelihood of collecting the outstanding debt based on historical data.

***Critical judgements in applying accounting policies***

There are no critical judgements that the Directors have made in the process of applying the accounting policies of the Company, that are deemed to have a significant effect on the amounts recognised in the financial statements.

**4 Revenue**

Revenue, 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 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.

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2019 £ m	2018 £ m
Supply of energy and related services	<u>7,201.1</u>	<u>6,602.5</u>

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

**4 Revenue (continued)**

The disaggregation of revenue is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£ m</b>	<b>£ m</b>
<b>Electricity Supply</b>		
Domestic	1,909.1	1,906.6
Small Medium Enterprise	347.4	290.6
Industrial and Commercial	3,862.9	3,331.6
<b>Gas Supply</b>		
Domestic	1,061.8	1,068.9
Small Medium Enterprise	19.9	4.8
Industrial and Commercial	-	-
	<u>7,201.1</u>	<u>6,602.5</u>

**5 Energy and related purchases**

	<b>2019</b>	<b>2018</b>
	<b>£ m</b>	<b>£ m</b>
Purchase of energy	5,732.9	4,996.5
Distribution and transmission	834.5	791.6
Other energy related purchases	2.5	7.0
	<u>6,569.9</u>	<u>5,795.1</u>



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

**6 Personnel expenses**

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Wages and salaries	147.0	158.6
Social security costs	16.5	16.8
Other pension costs	33.8	37.3
One-off pension income*	-	(23.8)
<b>Total Personnel expenses</b>	<u>197.3</u>	<u>188.9</u>
Restructuring cost	<u>14.2</u>	<u>2.6</u>
	<u><u>211.5</u></u>	<u><u>191.5</u></u>

\* As a result of pension liability the Company transferred out to EDF Energy Limited.

Other pension costs mainly represent charges arising from the EEPS and EEGS schemes amounting to £nil (2018: £44.0m). It also 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:

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Administration and support	484.0	543.0
Other departments	3,979.0	4,249.0
	<u><u>4,463.0</u></u>	<u><u>4,792.0</u></u>

**7 Operating Profit**

Operating profit for the year was arrived at after charging the following gains/losses:

	<b>2019</b>	<b>2018</b>
	<b>£ m</b>	<b>£ m</b>
Operating lease costs	<u>-</u>	<u>0.1</u>

In 2019 an amount of £396,560 (2018: £313,470) was paid to Deloitte LLP for audit services. This charge was borne by another Group company in both the current and prior year. In 2019, amounts payable to Deloitte LLP by the Company in respect of other assurance services were £nil (2018: £nil).

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

**8 Investment income**

	<b>2019</b>	<b>2018</b>
	<b>£ m</b>	<b>£ m</b>
Interest receivable from other Group companies	-	0.8
Other interest receivable	-	0.7
Other finance income	3.0	1.6
	<u>3.0</u>	<u>3.1</u>

**9 Finance costs**

	<b>2019</b>	<b>2018</b>
	<b>£ m</b>	<b>£ m</b>
Interest payable on loans from other Group companies	3.9	5.2
Provision for financial assets	0.1	-
Pension scheme interest	-	1.9
Total finance cost	4.0	7.1
Less: amounts included in the cost of qualifying assets	-	(1.2)
	<u>4.0</u>	<u>5.9</u>

Loans from other group companies are unsecured and repayable on demand.

**10 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. Details of total Directors' remuneration is available in the Group accounts, which are available to the public as set out in note 25.

No Director (2018: none) held any interests in the shares or debentures of the Company or the Group required to be disclosed under the Companies Act 2006.

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

**11 Tax on loss on continuing ordinary activities**

(a) Tax charged / (credited) in the income statement:

	<b>2019</b>	<b>2018</b>
	<b>£ m</b>	<b>£ m</b>
<b>Current taxation</b>		
UK corporation tax charge / (credit) on profits / loss made in the year	(23.5)	14.4
Adjustments in respect of previous years' reported tax charges / (credits)	(8.2)	0.6
Total current tax charge / (credit) in the year	<u>(31.7)</u>	<u>15.0</u>
<b>Deferred taxation</b>		
Current year charge / (credit)	(4.8)	(9.9)
Adjustments in respect of previous years' reported tax charges / (credits)	7.2	(0.5)
Effect of decreased tax rate on opening balance	-	(0.1)
Total deferred tax charge / (credit) in the year	<u>2.4</u>	<u>(10.5)</u>
<b>Income tax charge / (credit) reported in the income statement</b>	<u><u>(29.3)</u></u>	<u><u>4.5</u></u>

(b) The tax on loss before tax for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%).

The charge / (credit) for the year can be reconciled to the profit / (loss) in the income statement as follows:

	<b>2019</b>	<b>2018</b>
	<b>£ m</b>	<b>£ m</b>
Loss before tax	(162.4)	(64.3)
Tax at the UK corporation tax rate of 19.00% (2018: 19.00%)	(30.8)	(12.2)
<b>Effect of:</b>		
Non-deductible impairment	-	15.5
Other non-deductible expenses and non-taxable income	1.9	0.1
Current year effect of deferred tax rate change	0.6	1.1
Adjustment to prior-year corporation tax (credit)/charge	(8.2)	0.6
Adjustment to prior year deferred tax charge/(credit)	7.2	(0.5)
Impact of decreased tax rate on opening deferred tax balance	-	(0.1)
<b>Tax (credit) / charge reported in the income statement</b>	<u><u>(29.3)</u></u>	<u><u>4.5</u></u>

**EDF ENERGY CUSTOMERS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**11 Tax on loss on continuing ordinary activities (continued)**

**(c) Other factors affecting the tax charge for the year:**

The accounting for deferred tax follows the accounting treatment of the underlying item on which deferred tax is being provided and hence is booked within equity if the underlying item is booked within equity.

In the current year a deferred tax charge of £nil (2018: charge of £8.9m) in respect of pension movements has been recognised in equity. A current tax credit of £nil (2018: credit of £3.1m) has also been recognised in equity in respect of pension movements.

The closing deferred tax balance at 31 December 2019 has been calculated at 17.00% (31 December 2018: 17.00%). This is the average tax rate at which the reversal of the net deferred tax liability is expected to occur.

Changes to the main rate of corporation tax were announced after the balance sheet date. The impact of the changes is disclosed as a post balance sheet event see note 26.

**12 Intangible assets**

	IT Software	Licence	Customer contracts	Brand	Other intangible assets under construction	Total
	£m	£m	£m			£m
<b>Cost or valuation</b>						
At 1 January 2019	568.5	561.9	-	277.1	98.7	1,506.2
Additions	-	-	15.2	-	26.7	41.8
Reclassification from PPE	-	-	-	-	24.8	24.8
Transfers	44.9	-	-	-	(44.9)	-
At 31 December 2019	613.4	561.9	15.2	277.1	105.3	1,572.8
<b>Amortisation and impairment</b>						
At 1 January 2019	378.2	536.4	-	277.1	-	1,191.7
Amortisation charge	56.2	5.1	1.7	-	-	63.0
At 31 December 2019	434.4	541.5	1.7	277.1	-	1,254.7
<b>Carrying amount</b>						
At 31 December 2019	179.0	20.4	13.5	-	105.3	318.2
At 31 December 2018	190.3	25.5	-	-	98.7	314.5

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

**12 Intangible assets (continued)**

Other Intangible assets under construction are recognised as the total of cost of purchase, development and installation of intangible assets to bring them into use. For the assets to be brought into use, they are transferred to the relevant intangible asset classes where they are amortised per the policy of the intangible asset classes. No amortisation is recognised prior to these transfers.

On 1 September 2005, EDF Energy Customers Limited 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.

In 2014, a variation to the above licences was made, resulting in a fee of £20m payable by EDF Energy Customers Limited to SEEBOARD Energy Limited and SEEBOARD Energy Gas Limited. The residual balance of the licence at the time of the termination, being £25.9m, along with the termination payment, being £20m, is now amortised over 9 years in line with the contractual terms of the licence agreement. Annual impairment reviews are undertaken and any impairment in value is recognised once identified.

Customer contract additions of £15.2m represent the costs incremental to obtaining SME gas contracts that were acquired during the year.

In 2018, management took the decision to reclassify goodwill as brand, what was then considered the bought forward cost and accumulated depreciation of goodwill which is comprised of the purchase of the SWEB brand by EDF Energy Customers Limited of £274.1m, £2.9m of goodwill on acquisition of the metering trade and assets from IMServe Europe Limited an unconnected company, and £0.1m of CFS Siemens Revenue Protection. As at 31 December 2018, the carrying amount of £81.5m represented the SWEB brand element only as other costs had been fully amortised in previous years. This was subject to impairment testing and fully impaired with an impairment value of £81.5m being recognised in the income statement in the prior year.

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

**13 Property, plant and equipment**

	Other property, plant and equipment £ m	Meter assets £ m	Assets under construction £ m	Total £ m
<b>Cost</b>				
At 1 January 2019	64.6	7.0	22.9	94.5
Reclassification to intangible assets	-	-	(24.8)	(24.8)
Additions	-	-	10.5	10.5
Disposals	-	(5.4)	-	(5.4)
Transfers	0.8	7.3	(8.1)	-
At 31 December 2019	<u>65.4</u>	<u>8.9</u>	<u>0.5</u>	<u>74.8</u>
<b>Depreciation</b>				
At 1 January 2019	47.2	3.5	-	50.7
Charge for the year	2.8	5.2	-	8.0
Eliminated on disposal	-	(0.8)	-	(0.8)
At 31 December 2019	<u>50.0</u>	<u>7.9</u>	<u>-</u>	<u>57.9</u>
<b>Carrying amount</b>				
At 31 December 2019	<u>15.4</u>	<u>1.0</u>	<u>0.5</u>	<u>16.9</u>
At 31 December 2018	<u>17.4</u>	<u>3.5</u>	<u>22.9</u>	<u>43.8</u>

Assets under construction are recognised as the total of cost of purchase, construction and installation of tangible assets to bring them into use. For the assets to be brought into use, they are transferred to the relevant tangible asset classes where they are depreciated as per the policy of that tangible asset class. No depreciation is recognised prior to these transfers.

A gain on disposal of £0.1m was recognised on the disposal of meter assets.

**14 Investment in subsidiary and associate undertakings**

**Reconciliation of investment in subsidiary and associate undertakings**

	£ m
Opening balance	54.1
Additions	3.0
Closing balance	<u>57.1</u>

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

**14 Investment in subsidiary and associate undertakings (continued)**

**Investment in subsidiaries**

	£ m
Cost	
At 1 January 2018	-
Additions	2.1
At 31 December 2018	2.1
Additions	3.0
At 31 December 2019	5.1
Carrying amount	
At 31 December 2019	5.1
At 31 December 2018	2.1

On 27 February 2018, Hoppy Limited (a 100% subsidiary of the Company) issued 98 ordinary £1 shares. This share issue changed the ownership structure from 100% shares being held by the Company to 51% shares and 49% shares held by EDF Pulse Croissance Holding (formerly EDF Nouveaux Business Holding SAS). There was no financial statement impact as a result of this shares issue. The £2.1m was additional spend in Hoppy Ltd.

In 2019, there was a further share issue in Hoppy Limited. This resulted in a further investment of £3m by the company. There was no impact to the proportion of ownership.

The subsidiary undertakings at 31 December 2019, which are incorporated in the United Kingdom and are registered and operate in England and Wales, or Scotland (unless otherwise stated), are as follows:

Name of subsidiary	Principal activity	Proportion of ownership interest in ordinary shares and voting rights held	
		2019	2018
Hoppy Limited	Provision and maintenance of a digital innovation system focused on home services	51%	51%

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

**14 Investment in subsidiary and associate undertakings (continued)**

**Investment in associates**

	£ m
Cost	
At 1 January 2018	52.0
Additions	-
At 31 December 2018	52.0
At 31 December 2019	52.0
Carrying amount	
At 31 December 2019	52.0
At 31 December 2018	52.0

Details of the associates as at 31 December 2019 are as follows:

Name of associate	Principal activity	Proportion of ownership interest and voting rights held	
		2019	2018
EDF Energy Services Limited	Development of generation and supply of electricity	50%/49%	50%/49%
The Barkantine Heat and Power Company Limited* (1) *	Generation and supply of heat and electricity	50%/49%	50%/49%
ESSCI Limited* (1)	Holding Company	50%/49%	50%/49%
ESSCI Engineering Services Limited* (1)	Holding Company	50%/49%	50%/49%
Imtech Engineering Services North Ltd* (2)	Provision of mechanical and electrical services	50%/49%	50%/49%
Imtech Engineering Services Central Ltd* (3)	Provision of mechanical and electrical services	50%/49%	50%/49%
Imtech Engineering Services London and South Ltd* (1)	Provision of mechanical and electrical services	50%/49%	50%/49%
Imtech Aqua Ltd* (3)	Holding Company	50%/49%	50%/49%
Imtech Aqua Building Services Ltd* (3)	Provision of mechanical and electrical services	50%/49%	50%/49%
Imtech Aqua Controls Ltd* (3)	Provision of building management systems	50%/49%	50%/49%



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**14 Investment in subsidiary and associate undertakings (continued)**

Imtech Low Carbon Solutions Ltd* (3)	Dormant Company	50%/49%	50%/49%
ESSCI Technical Facilities Management Limited* (1)	Holding Company	50%/49%	50%/49%
Inviron Holdings Limited* (4)	Holding Company	50%/49%	50%/49%
Imtech Inviron Limited* (4) *	Provision and management of building services and systems	50%/49%	50%/49%
Inviron Property Limited* (4)	Property Company	50%/49%	50%/49%
Imtech Aqua Maintenance Ltd* (4)	Provision of maintenance and building engineering services	50%/49%	50%/49%
ESSCI Technical Services Limited* (1)	Holding Company	50%/49%	50%/49%
Capula Group Limited* (5)	Holding Company	50%/49%	50%/49%
Capula Limited* (5)	Provision of IT services	50%/49%	50%/49%
ESSCI Ireland Limited* (1)	Holding Company	50%/49%	50%/49%
Suir Engineering Limited* (Ireland) (6)	Provision of building management systems	50%/49%	50%/49%
Suir Engineering Limited* (Sweden)	Provision of building management systems	50%/49%	50%/49%
Suir Engineering Limited* (Qatar)	Provision of building management systems	50%/49%	50%/49%

\* indicates direct investment of EDF Energy (Energy Branch) plc

\*indirectly held

(1) Registered Address: Twenty 4th Floor, 20 Kingston Road, Staines Upon Thames, United Kingdom, TW18 4LG

(2) Registered Address: Calder House, St Georges Park Kirkham, Preston, Lancashire, PR4 2DZ

(3) Registered Address: G&H House, Hooton Street, Carlton Road, Nottingham, NG3 5GL

(4) Registered Address: 3100 Park Square, Solihull Parkway Birmingham, Business Park Birmingham, B37 7YN

(5) Registered Address: Orion House, Unit 10 Walton Industrial Estate, Stone, Staffordshire, ST15 0LT

(6) Registered Address: Hipley House, Woking, Hipley Street, GU22 9LQ

Unless stated otherwise, the registered address of the associates listed above is 90 Whitfield Street, London, W1T 4EZ.

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

**15 Leases**

An analysis has been performed of the impact of the first time application of IFRS 16 under the modified retrospective approach. Contracts that previously had been classified as operating leases now qualify as leases as defined by IFRS 16. The entity elected not to re-assess whether a contract is, or contains a lease at date of initial application. In addition, the entity applies the recognition exemptions for short-term leases and leases for which the underlying asset is of low value. The weighted average incremental borrowing rate applied in discounting the lease liability is 1.69%.

The differences between the operating lease commitments under IAS 17 reported at 31 December 2018 and the estimated lease liability under IFRS 16 relating to the same contracts at 1 January 2019 are explained in the following table:

	£m
<b>Operating lease commitments as lessee as at 31/12/2018</b>	8.6
Unrecognised contracts (IFRS16 exemptions)	(0.2)
<b>Non-discounted lease liability under IFRS 16 at 01/01/2019</b>	<u>8.4</u>
Discount effect	(0.2)
<b>Discounted lease liability under IFRS 16 at 01/01/2019</b>	<u><u>8.2</u></u>

Set out below are the carrying amounts of lease liabilities and movement during the period:

	2019 £m
<b>As at 31 December 2018</b>	-
Transition impact	8.2
<b>As at 1 January 2019</b>	<u>8.2</u>
Additions	0.6
Early termination	(0.5)
Interest	0.1
Payments	(2.7)
<b>As at 31 December 2019</b>	<u><u>5.7</u></u>

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

**15 Leases (continued)**

	2019	2018
	£m	£m
Current	2.4	2.9
Non-current	3.3	5.7
	<u>5.7</u>	<u>8.6</u>

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Other plant and equipment £m
<b>Cost</b>	
At 31 December 2018	-
Transition impact	8.2
<b>At 1 January 2019</b>	<u>8.2</u>
Additions	0.6
Disposals	(0.7)
<b>At 31 December 2019</b>	<u>8.1</u>
<b>Accumulated Depreciation</b>	
At 1 January 2019	-
Charge for the year	2.8
Disposals	(0.4)
<b>At 31 December 2019</b>	<u>2.4</u>
<b>Carrying amount</b>	
<b>At 31 December 2019</b>	<u><u>5.7</u></u>

The transition impact of £8.2m represents the right of use assets brought on balance sheet as a result of the company's adoption of IFRS 16.

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

**15 Leases (continued)**

The following are amounts recognised in profit or loss:

	<b>2019</b>
	<b>£m</b>
Depreciation expense for right-of-use assets	2.8
Interest expense of lease liabilities	0.1
Capitalised interest expense	-
<b>Net interest expense of lease liabilities</b>	<b>0.1</b>
Expense relating to short-term leases	0.2
<b>Total amount recognised in income statement</b>	<b>3.1</b>

**16 Financial assets**

	<b>2019</b>	<b>2018</b>
	<b>£ m</b>	<b>£ m</b>
<b>Current financial assets</b>		
Loans to associates	4.0	4.0
<b>Non-current financial assets</b>		
Loans to subsidiaries	1.0	1.0
Loans to associates	16.5	10.7
	<b>17.5</b>	<b>11.7</b>

In 2018 an additional amount of £2.3m was granted to Energy Services Ltd and a repayment of £3.1m was made, the loans were unsecured, accruing interest at 6.275% and repayable in instalments until final payment by 30 June 2022.

In 2018, the loan amount of £1m was granted to Hoppy Ltd, the loan was unsecured, accruing interest at 6.275% and with final maturity on 01 January 2023.

During the year, an additional amount of £10m was granted to Energy Services Ltd and a repayment of £4m was made. The increase in loan facility was unsecured, accruing interest at 1.92% and repayable in instalments until final payment by 30 June 2027.

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

**17 Trade and other receivables**

	<b>2019</b>	<b>2018</b>
	<b>£ m</b>	<b>£ m</b>
Trade receivables	886.6	889.4
Allowance for expected credit losses	(143.3)	(106.2)
Unbilled revenue	657.3	573.4
Amounts owed by Group companies (Note 24)	1.8	955.9
Other debtors	36.5	5.1
	<u>1,438.9</u>	<u>2,317.6</u>

Amounts owed by Group companies are unsecured and repayable on demand. The Directors consider that the carrying amount of receivables approximates to their fair value.

**18 Cash and cash equivalents**

	<b>2019</b>	<b>2018</b>
	<b>£ m</b>	<b>£ m</b>
Cash pooling with Group companies	526.7	-

The Company is included in a cash concentration arrangement which physically offsets cash balances and overdrafts with other participating Group companies. In the current year, an amount of £526.7m (2018:£nil) is pooled with other group companies.

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

**19 Other liabilities**

	<b>2019</b>	<b>2018</b>
	<b>£ m</b>	<b>£ m</b>
Trade Creditors	555.0	438.8
Accruals and deferred income	173.2	178.0
Amounts owed to other Group companies (Note 24)	1,526.7	1,608.3
Other Payables	<u>270.2</u>	<u>347.8</u>
	<u><u>2,525.1</u></u>	<u><u>2,572.9</u></u>

Amounts owed to other Group companies are interest free, unsecured and are repayable on demand. The Directors consider that the carrying amount of other liabilities approximates to their fair value.

**20 Borrowings**

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Borrowings due within one year	-	105.6
Borrowings due within more than one year	39.0	51.8
	<u>39.0</u>	<u>157.4</u>

Borrowings of £39.0m are owed to EDF Energy Limited. These loans are unsecured, bear interest at a rate of 6.275% per annum and is repayable in instalments until final repayment by 30 June 2022.

**21 Provisions for liabilities**

	<b>Restructuring</b>	<b>Other</b>	<b>Total</b>
	<b>£ m</b>	<b>provisions</b>	<b>£ m</b>
		<b>£ m</b>	
At 1 January 2019	6.3	40.5	46.8
Increase in provisions	14.7	0.7	15.4
Provisions utilised	<u>(14.0)</u>	<u>(39.1)</u>	<u>(53.1)</u>
At 31 December 2019	<u>7.0</u>	<u>2.1</u>	<u>9.1</u>

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

**21 Provisions for liabilities (continued)**

The provisions have been split as follows:

	2019	2018
	Current	Current
	£ m	£ m
Restructuring	7.0	6.3
Other provisions	2.1	40.5
	<u>9.1</u>	<u>46.8</u>

In November 2018, a ruling from the European Court of Justice (ECJ) led to the suspension of UK capacity mechanism. This suspension consequently created a constructive obligation for the Company to reimburse or repay capacity market costs collected through tariffs and charged to non-pass-through customers. These capacity market costs will be payable to the settlement body in the event that the Capacity Market is reinstated, or alternatively reimbursed to non-pass-through customers in the event that the scheme is disbanded. As a result the Company recognised a provision of £38m in Other provisions, for capacity market costs collected from non-pass-through customers.

On 25th October 2019, the Capacity Market was reinstated, allowing the functions that were suspended during the standstill period to resume, including the invoicing and collection of the monthly supplier charges and payment of the monthly capacity payments. This led to the utilisation of the £38m provision recognised in 2018.

The restructuring provision covers severance cost relating to the employees that has been announced will be impacted by the restructuring. All provisions are expected to be utilised within 12 months.

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**22 Deferred tax**

The following are the major deferred tax (liabilities) and assets recognised by the company and movements thereon during the current and prior reporting period:

	Accelerated tax depreciation	Short term timing differences	Pensions	Total
	£m	£m	£m	£m
At 1 January 2018	(17.8)	1.3	10.8	5.7
<i>Credit / (charge) to income:</i>				
Current year	5.2	6.4	(1.7)	9.9
Adjustments in respect of previous years' reported tax charges	0.1	0.4	-	0.5
Effect of decreased tax rate on opening liability	0.3	-	(0.2)	0.1
<i>Credit/(charge) to equity:</i>				
Current year	-	-	(8.9)	(8.9)
At 31 December 2018	(12.2)	8.1	-	(4.1)
<i>Credit/(charge) to income:</i>				
Current year	2.4	2.4	-	4.8
Effect of decreased tax rate on opening liability	(3.2)	(4.1)	-	(7.3)
At 31 December 2019	(13.0)	6.4	-	(6.6)

The Group has unrecognised tax losses of £6.5m (2018: £7.1m). The losses give rise to a deferred tax asset of £1.1m (2018: £1.2m) which has not been recognised as it is uncertain whether future taxable profits will be available against which these losses can be utilised. These losses can however be carried forward indefinitely for offset against future profits, should they arise.

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2019	2018
	£ m	£ m
Deferred tax liabilities	(6.6)	(4.1)



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**23 Share capital**

**Allotted, called up and fully paid shares**

	No. m	2019 £ m	No. m	2018 £ m
Ordinary shares of £1.00 each	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

The Company has one class of Ordinary shares which carry no right to fixed income.

On 29 June 2018, the Company reduced 990,000,000 of its issued £1 ordinary shares, the resulting amount of share capital was transferred to the Company's distributable reserves.

The residual number of 10,000,000 of £1 ordinary shares carry no right to fixed income.

**24 Related party transactions**

The Company has taken advantage of the exemption in FRS 101 Reduced Disclosure Framework from disclosing transactions with other wholly owned members of the group, which would require disclosure under IAS 24.

Key management personnel for the Company are the Directors of the Company. Please refer to note 10 for details of their remuneration. There are no other transactions with key management personnel during the year (2018: none).

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

**24 Related party transactions (continued)**

**Amounts owed by related parties**

	<b>Other related parties £ m</b>	<b>Subsidiaries £ m</b>	<b>Associate £ m</b>	
<b>2019</b>				
Finance assets	-	1.0		20.5
Amounts receivable from related party	<u>1.8</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Other related parties £ m</b>	<b>Subsidiaries £ m</b>	<b>Associate £ m</b>	<b>Parent £ m</b>
<b>2018</b>				
Finance assets	-	1.0	14.7	-
Amounts receivable from related party	<u>5.2</u>	<u>0.5</u>	<u>-</u>	<u>950.2</u>

**Amounts owed to related parties**

	<b>Other related parties £ m</b>	<b>Subsidiaries £ m</b>	<b>Associate £ m</b>	<b>Parent £ m</b>
<b>2019</b>				
Amounts due to other Group companies	<u>0.1</u>	<u>0.9</u>	<u>-</u>	<u>1,525.7</u>
	<b>Other related parties £ m</b>	<b>Subsidiaries £ m</b>	<b>Associate £ m</b>	<b>Parent £ m</b>
<b>2018</b>				
Amounts payable to related party	<u>3.6</u>	<u>1.0</u>	<u>-</u>	<u>1,603.7</u>

**25 Parent undertaking and controlling party**

EDF Energy Limited 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 the registered office at 90 Whitfield Street, London, W1T 4EZ.

At 31 December 2019, 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 the registered office at Electricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.

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

**26 Post Balance Sheet events**

On 13th February 2020, EDF acquired a majority stake (78%) in Pod Point for a consideration paid of £86m. Podpoint is one of the largest electric vehicle (EV) charging companies in the UK, as part of a newly-formed joint venture with Legal & General Capital (22%). The acquisition of Pod Point is the Company's largest investment in the EV market and forms part of its plan to become the leading energy company for electric mobility in France, the UK, Italy and Belgium.

On 11th February 2020, the Company issued a further 90,000,000 ordinary £1 shares to existing shareholders in proportion to their ownership percentage.

On 12th March 2020, EDF acquired iSupply Energy's customer base following their parent company's (Swedish renewable energy firm Vattenfall), decision to exit the UK retail market. 190,000 residential customer contracts will be transferred over the coming months to EDF.

Changes to the main rate of corporation tax were announced in Finance Act 2020. This maintained the main rate of corporation tax at 19%, rather than reducing to 17% on 1 April 2020 (as had been enacted by Finance Act 2016). If the main rate of corporation tax of 19% had been substantively enacted by the balance sheet date, the deferred tax balance at 31 December 2019 would be a liability of £7.3m. This is a movement of £0.8m compared to the deferred tax recognised on the balance sheet.

**Covid 19**

Since the year-end significant economic and social disruption has arisen from the Covid 19 pandemic. EDF's priorities are the safety and wellbeing of our people and customers, maintaining access to energy and gas for our customers, keeping our power stations running safely, protecting Hinkley Point C and supporting the most directly exposed businesses, vulnerable people and supply chain. Since the beginning of the pandemic, the Company has offered support to all its customers and specifically the most vulnerable ones by offering special measures. EDF is as well engaging with its suppliers to ensure that service levels can continue to be maintained throughout a prolonged pandemic.

The Company is managing the impact of Covid 19, utilizing business continuity and resilience processes where appropriate.

The Company's critical functions have been adapted to allow a maximum of employees to work from home (including call center employees) and redeploy the smart metering engineers to help in the local community. The Group IT system has been leveraged in order to support the transition in a most efficient way, time and to protect our systems against cyber threats. The Company is following the guidance and discussing on a regular basis with the Government on the pandemic evolution and deployment of appropriate policies and actions.

The expected financial impacts are: expected reduction in revenue on I&C and SME customers and an increased expected credit loss charges.

The overall financial impact of Covid-19 is being estimated at this time.