EDF ENERGY CUSTOMERS LIMITED

REGISTERED NUMBER: 02228297

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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Directors	James Poole Richard Hughes Dawn Fortune Philippe Commaret Julie Ann Meanwell Neville Towers Simon Todd Matthew Nunn
Company secretary	Joe Souto
Auditor	Deloitte LLP Hill House 1 Little New St London United Kingdom EC4A 3TR
Registered office	90 Whitfield Street London England W1T 4EZ

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2021.

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 the requirements of Section172 of the Companies Act 2006 (the **Act**). 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.

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 employee surveys, team meetings, learning sessions, briefings, our intranet, "eNZO" and regular email updates from the Managing Director of the Customers Business, Philippe Commaret. We also frequently engage with Company Councils, Trade Unions and employee networks about matters affecting employees.

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

Customers
Our main vision, is to help Britain achieve Net Zero by leading the transition to a decarbonised business. We help British households, businesses and the public sector achieve Net Zero, in areas including electric mobility, low-carbon heating, flexibility services and smart meters combined with data services

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.

Digital tools have radically transformed how we engage with our customers through support via live WebChat or MyAccount App.

STRATEGIC REPORT (CONTINUED)

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.

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 2021 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 operate in a highly competitive marketplace. The Company and Group have different types of memberships and affiliations relating to the different activities undertaken throughout the 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. Through this and other forums we collaborate to progress various consumer, regulatory and policy matters alongside other suppliers and industry participants.

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 Britain to achieve Net Zero by championing the transition to a low-carbon future.

We engage directly with central 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.

STRATEGIC REPORT (CONTINUED)

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 to ensure the long-term success of the Company.

During 2021, the Company has been faced with serious challenges due to the impact of the ongoing UK energy market crisis (the **Crisis**). The Board have played a key role during the Crisis in setting corporate strategy so as to protect the Customers Business and further secure the long-term success of the Company in light of the unprecedented scenarios being presented by the Crisis.

For further information on the impact of the Crisis please see page 6 of the Strategic Report.

The Board have steered the Company in decision making on all areas of the Customers Business during the Crisis including:
• Hedging strategy;
• Managing the operation challenges posed by increased customer volumes;
• The ongoing communications strategy; and
• Various mitigation and crisis response actions being taken in all areas of the Customers Business.

The Directors have had due regard to the concerns of both internal and external stakeholders when considering the implications of any strategic decision making so as to fulfil their responsibilities to promote the success of the Company in accordance with the Act for the financial year ending 2021 during this challenging period.

Following the launch of a new ambition for the Customers Business in 2019, 'Simply Better for Customers', which strives to provide the best service for its customers and puts customers at the heart of everything it does is in line with the Company's values, EDF was awarded the Uswitch 'Large Supplier of the Year' award in 2021, receiving a customer satisfaction score of 74% - the highest score of all the 'big six' suppliers. The Customers Business also acquired the customer accounts of Utility Point, Green Network and Zog Energy after being appointed Supplier of Last Report following the collapse of these suppliers during the ongoing Crisis, a process which the Board has had oversight of.

As set out further in the Company's Corporate Governance Statement, the Company acquired a majority shareholding in Pod Point in early 2020, one of the largest electric vehicle (**EV**) charging providers in the UK, following the launch of its low-carbon EV tariff "Go Electric". "Go Electric" gives customers the chance to lease an EV while benefitting from lower off-peak electricity rates. The acquisition of Pod Point will allow the Company to offer quality installations of charging solutions as part of even more attractive EV deals. In 2021 EDF also chose to partner with DriveElectric, one of the UK's leading electric car lease providers, to provide customers with handpicked EV leasing deals, opening up the EV market to more individuals. With the UK Government vowing to phase-out the sale of new petrol and diesel cars by 2030, taking these decisions was an important step forward for the Company and the wider EDF UK group in its support of Britain in achieving its Net Zero goals.

As a testament to the level of importance the Company puts on supporting the community, in 2020 the Company became a signatory of the Vulnerability Commitment (the **Commitment**) launched by Energy UK in December 2020. The Commitment involves a pledge to a series of commitments, aimed at improving the services the Company offers to those who need it. The Company is a founding member of the Commitment further illustrating our commitment and drive to help the vulnerable within society. The Company has also taken the opportunity to learn from its experience during the Pandemic has incorporated those learnings into its response to the Commitment, with insights including where best to provide additional support and speed of response.

STRATEGIC REPORT (CONTINUED)

In addition, 2021 also saw a continued 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 in order to foster the company's business relationships with these key stakeholders.

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 section 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 regular employee surverys, emails from the Chief Executive Officer, team meetings, face-to-face gatherings, breakfast briefings, interviews and via eNZO.

eNZO 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 Group and impacts the principal decisions taken by the directors.

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 and inclusion through a number of employee networks for its workforce which are sponsored by senior management and provide environments for employee support, feedback and comment, including LGBTQ+ Supporters; Women's; RACE; Disability and Carers; Working Parents; Forces Support; Young Professionals; Cancer Support; and Mental Health Supporters. They help us build cultural awareness and understanding of identity, and how different demographic groups face different challenges.

Review of the business
The loss for the year before taxation amounted to £102m (2020: loss of £405m) and the loss after taxation amounted to £79m (2020: loss of £330m). The net liabilities at the end of the year amounted to £472m (2020: net liabilities of £393m).

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
EDF Energy continues to seek out opportunities to offtake power from major renewable energy sites. In 2021 EDF signed a fifteen-year agreement with RWE for the offtake of all power from the Sofia windfarm which will be one of the largest offshore windfarms in Europe when completed in 2026.

EDF Energy is one of the UK leaders in energy efficiency installations, through the Energy Company Obligation Scheme (ECO). I&C Battery Flexibility Services have secured an additional 211MW in the year for contracts between 7 and 12 years in length.

STRATEGIC REPORT (CONTINUED)

EDF remains committed to its Smart Meter installation programme, part of upgrading the UK's energy infrastructure to enable concepts such as smart grids and time-of-use tariffs, which contribute to grid resilience as the UK moves towards a low carbon future.

Residential
EDF Energy supplied 12.541TWh of electricity and 35.228TWh of gas for the residential segment in 2021. As at 31 December 2021, EDF Energy had 3.252 million electricity accounts and 2.261 million gas accounts. The 2021 churn at 17% showed a slight decrease compared to 2020 (at 20%), driven by the Energy Crisis slowing churn in H2 2021. EDF Energy's market share increased from 9.3% at the end of 2020 to 10.5% at end-October of 2021.

The Coronavirus pandemic had a substantial impact on the business in 2020, however this has been limited in 2021 as the economy has recovered following the removal of restrictions. However, given the economic downturn now being followed with a cost of living increase across the UK, there is concern over the affordability of energy bills for vulnerable customers, particularly as bills are rising because of higher global gas prices. Therefore, EDF is highly engaged with the Government and the regulator Ofgem to review issues such as supplier resilience, the tariff cap methodology and customer affordability concerns.

Energy Crisis
Gas and power wholesale prices in the UK have risen significantly over winter 2021, driven by lower gas storage levels following a cold winter, delays to the Nordstream II gas pipeline certification, high gas demand in Asia and an unplanned interconnector outage between UK-France. These price rises can largely be passed onto B2B consumers; however residential customers are protected to the extent that the Standard Variable Tariff (SVT) cap is fixed based on market forward prices in the previous six-month period.

This inflexibility in the cap price methodology means that the SVT tariff is now the cheapest in the market, and considerably below the marginal cost of supply. In total c.30 suppliers have failed in 2021, the largest being Bulb with 1.7m customers and Avro Energy which had 580k customers. Some small-medium suppliers have collapsed as a result of an inappropriate hedging policy. Others have collapsed because they could no longer meet the cash requirements of continuing to trade when prices for power are so high.

The customers of these failed suppliers have their supply protected by the Ofgem Supplier of Last Resort (SoLR) process, which appoints a new supplier or failing that, a special administrator. Costs to remaining suppliers of fulfilling their obligations as a SoLR can be recovered through an industry mutualization process, which sees levy claims, approved by Ofgem, submitted to the Gas and Electricity Network Operators for recovery through distribution costs. Ultimately these costs will then be passed onto consumers in supply tariffs. There is a time lag between incurring costs and the recovery, which places a significant cash burden on energy suppliers that act as a SoLR in the current market context.

EDF Energy was appointed as SoLR for Utility Point which had 220k customer accounts, these customers were migrated onto EDF Energy's IT systems over November-December 2021. EDF Energy was also appointed as SolR for Zog Energy's 11,700 accounts.

EDF Energy faces further financial losses from the high energy prices, due to the requirement to offer capped standard variable tariffs (SVT) to all customers.

STRATEGIC REPORT (CONTINUED)

Most of the customers whose fixed offer is expiring are currently choosing an SVT tariff, which in the current market circumstances does not allow EDF Energy to charge tariffs that reflect the real costs of supply. An additional risk is the uncertainty regarding the supply and hedging policy linked to the fact that customers can, depending on the evolution of market prices, end their SVT contract at any time, without any exit fees.

EDF Energy is engaged very actively with the Regulator, Government and other stakeholders in the discussions on the market regulations reform.

Regulatory Change

Default Tariff Cap

- Ofgem introduced a cap on default tariffs for domestic customers on 1 January 2019;
- The cap level is updated to reflect revised costs every 6 months. As of 1 January 2020, the scope of the default tariff cap covered domestic customers supplied through both credit and prepayment meters;
- In August Ofgem made a recommendation to UK Government that the default tariff cap should remain in place for 2022;
- In July 2021, the UK Government announced that it intends to introduce new legislation that would allow the tariff cap to remain in place beyond the end of 2023, if needed;
- The recent energy crisis has resulted in Ofgem announcing in late October that it intends to consult on the price cap methodology to ensure it appropriately reflects the costs, risks and uncertainties facing suppliers.

Smart Metering Policy
GB energy suppliers were required to take "all reasonable steps" (ARS) to install smart meters for their domestic and small business customers before the end of December 2021.

UK Government has confirmed there will be a new obligation on all suppliers to continue installing smart meters for the period January 2022 to December 2025. The UK Government has consulted on the annual minimum installation targets all suppliers will have to meet for the first two years; 2022 and 2023, the targets will not be covered by ARS. These targets are challenging and there are real risks that suppliers will fail to achieve them, given that smart meters remain optional for customers. EDF and other suppliers are working with UK Government to develop future targets which strike the balance of completing smart meter roll out in a way that maintains both pace, the correct technical standards and a positive customer experience. EDF Energy remains committed to delivering smart meters to all residential and small business customers who want to benefit from this new technology.

In 2021, EDF Energy has installed a further 452k smart meters and at the end of 2021, 43% of EDF Energy customers in scope for the rollout have smart meters. This meant that EDF Energy has installed a total of 2.4 million smart meters to date. This continued progress is despite several serious challenges, including a Covid-19 related pause of all smart meter installation activity to ensure the safety of its customers and operatives and a nationwide fuel shortage.

STRATEGIC REPORT (CONTINUED)

Non-residential customers
The primary focus of EDF in the non-domestic market is that of electricity supply. In 2021, the non-domestic segment supplied a total of 30.83TWh of electricity, 1.94TWh to 221k small business customers ("SME") and 28.89TWh to 9.2k medium and 5k large business customers ("I&C"). The business customer electricity market in the UK is c.164.1TWh in total, making EDF Energy the second largest supplier to business customers by volume.

The industry has recovered from the Covid-19 demand reduction seen in 2020. Whilst UK non-domestic electricity segment has seen an increase of 0.3TWh in the 6 months from 30/04/2021, a volume increase of 1.3TWh YoY was seen for EDF Energy non-domestic electricity segment in 2021.

In SME, managing the risks which have arisen from the pandemic has been the primary focus for much of 2020 and 2021. Steps were taken to price-in additional risk, increase credit restrictions and limit winning higher risk sectors in order to protect EDF's position. Despite this, SME has developed its channels as customer numbers grew 10% in electricity and 31% in gas this year.

EDF's Medium Business segment have continued its focus on Meter Point Administration Number (MPAN) growth, successfully growing the live MPANs on supply by 42% since the start of the year.

In the Large Business segment, the continuation of a targeted new-business approach has led to the successful acquisitions of 12 new customers in 2021 (double previous years). Additionally, 21 Large Business contracts have been renewed.

In the Export market, EDF has grown its Power Purchase Agreement business and has become the largest renewable power offtaker (based on owned and 3rd party capacity) according to the latest industry market report. EDF has also successfully bid to become the offtaker of the Sofia Wind Farm, 6.5TWh of annual volume expected to become fully operational in 2026.

Pod Point
The Pod Point acquisition has strengthened and created significant value for EDF Energy in the UK. In 2021, EDF Energy sold 8,565 electric vehicles (EV) related products. EDF Energy accelerated the promotion of EV solutions for its existing customer base, capturing a significant share of customers churning when buying an EV.

This acquisition brings together the first mover advantage of Pod Point, who is already well adapted in the growing EV market, and EDF Energy's strong industrial expertise on operations and logistics with smart metering experience allowing EDF to be the leader in this market and capture market value, demanding high quality service.

Pod Point was successfully floated on the London Stock Exchange on 4th November 2021 raising £105m of third party financing to fund future growth in the UK electric vehicle market.

The IPO valued Pod Point at £352m post money, a significant uplift on the valuation at the time of EDF's initial investment in February 2020 (EDF stake: 77.7%). EDF has retained a 54.05% stake in Pod Point following the IPO.

STRATEGIC REPORT (CONTINUED)

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.

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.

Investment risk
The future prospects of the Company are dependent on the performance of its investment in its subsidiaries. The Company's investment in Hoppy Limited was fully impaired in the year following the decision to cease all trading and strike-off Hoppy Limited. The Company's investment in Pod Point Group Holdings Plc. has been reviewed and the carrying value as at 31 December 2021 is considered to be recoverable. The Company monitors its subsidiary to ensure its subsidiary manages its risk portfolio appropriately.

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.

STRATEGIC REPORT (CONTINUED)

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.

Political and regulatory risk
Brexit
The UK left the European Union (EU) on 31 January 2020, entering into a Transition Period that ended on 31 December 2020. The EU-UK Trade and Cooperation Agreement (TCA), agreed on 24 December 2020, sets the basis for the EU-UK relationship from 1st January 2021.

Although there has been progress in some areas during 2021 (e.g. the EU-UK Data Adequacy Agreement), there remain some important outstanding issues.

EDF had identified the business risks arising from the UK's exit from the EU and was well prepared, enabling the business to manage most of the adverse impacts.

EDF believes that the risks are relatively low and are manageable in respect of issues specific to the electricity sector, including the longer term relationship in the areas of energy trading, new interconnector trading arrangements and North Seas Co-operation.

The civil nuclear agreement, the EU-UK Nuclear Cooperation Agreement (NCA), is similar to other NCAs that the EU has signed with third countries. It will operate for an initial period of 30 years, providing a commitment to cooperation on civil nuclear, including safeguards, safety and security. It also provides a framework for trade in nuclear materials and technology, facilitates research and development, and enables exchange of information.

EDF will continue to work closely with UK Government and Trade Associations to monitor and adapt to the evolving EU-UK trade relationship as the new arrangements are fully implemented.

Going concern

After making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months (including subsequent events (note 28)), 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 a period of at least 12 months from the date of approval of the accounts. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board on 28 September '22 and signed on its behalf by:

DocuSigned by:
Simon Todd
BA3968970288493...
Simon Todd
Director
....

DIRECTORS' REPORT

The Directors present their annual report and the financial statements for the year ended 31 December 2021.

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

Julie Ann Meanwell

Neville Towers

Simon Todd

Sarah Hancock (resigned 1 January 2021)

The following director was appointed after the year end:

Matthew Nunn (appointed 1 March 2022)

There are no contracts during or at the end of the financial year in which a Director of the Company has a material interest. Neither of the Directors who held office at the end of the financial year had any interests in the shares of the Company or any Group company that are required to be disclosed in accordance with the Companies Act 2006.

Corporate Governance Statement

Introduction

The Company is not required to comply with the UK Corporate Governance Code but seeks to apply best practices from the Code using the Wates Principles for Large Private Companies (the **Wates Principles**). This approach allows the Company to maintain robust corporate governance arrangements whilst continuing to support the corporate governance practices of its parent company, EDF SA Group (a listed company on the Euronext Paris), with its compliance obligations under the French Afep-Medef Code.

The Company purpose and strategy is set out in the Strategic Report and published on the EDF Energy (**EDF UK**) website. The purpose is summarised as helping Britain to achieve Net Zero. The purpose and strategy are guided by: i) feedback from stakeholder engagement; ii) consideration of the long-term impact of strategic decisions on the long-term objectives of the Company and the wider EDF UK Group, being EDF Energy Holdings Limited and its subsidiaries (the **Group**); and iii) the environmental impact of those decisions.

The purpose is a UK articulation of the EDF SA Group **Raison d'être**. It underpins strategy setting and decision making by the Board and ensures activity within the Company is compatible with achieving these objectives in order to promote long term success.

To ensure strong corporate governance practices are maintained, the Group acts in accordance with multiple overarching internal policies that are tested on an annual basis to satisfy the French Securities Markets Authority (**Autorité des Marchés**) Listing Requirements.

DIRECTORS' REPORT (CONTINUED)

This statement will explain what arrangements the Company had in place during 2021 to maintain its strong corporate governance culture and support delivery of the purpose and strategy, which, for ease of review, have been aligned with the Wates Principles to ensure consistency with the principles of formal codes of governance.

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 UK is proud to be Britain's biggest generator of zero carbon electricity[1] the UK's largest producer of low-carbon electricity and in order to help Britain achieve Net Zero EDF intends to lead the transition to a decarbonised energy system across its seven business areas. To help effect this change, in 2020, EDF UK acquired Pod Point, one of the largest electric vehicle (**EV**) charging providers in the UK, following the launch of its low-carbon EV tariff "**Go Electric**". In 2021 EDF UK also chose to partner with DriveElectric, one of the UK's leading electric car lease providers, to provide customers with handpicked EV leasing deals, opening up the EV market to more individuals. With the UK Government vowing to phase-out the sale of new petrol and diesel cars by 2030, taking these decisions was an important step forward for EDF UK in its support of Britain in achieving its Net Zero goals. This followed the acquisition by the renewables arm of the business of UK battery storage developer Pivot Power in late 2019 which is helping the Group to develop battery storage and is creating business opportunities and economic activity.

In 2021 the Company also signed a fifteen-year power purchase agreement with RWE to purchase renewable electricity from Sofia, which will be one of the largest offshore wind farms in the world, located off the North East coast of the UK. This represents EDF UK's largest renewable energy agreement to date which will see EDF UK offtake all 6.5-terawatt hours of renewables wind energy each year. This equates to almost half of the electricity used in the North East of England annually, or the equivalent of the power needs of over 1.2 million homes. Providing additional large-scale offshore wind capacity to support the UK in achieving its ambitions of net zero emissions by 2050.

These corporate activities are not only in themselves a significant step towards helping Britain achieve Net Zero but are also illustrative of EDF's sustainable business roadmap underpinning activity within the Company.

Following the launch of a new ambition for the Customers Business in 2019, 'Simply Better for Customers', which strives to provide the best service for its customers and puts customers at the heart of everything it does is in line with the Company's values, EDF was awarded the Uswitch 'Large Supplier of the Year' award in 2021, receiving a customer satisfaction score of 74% - the highest score of all the 'big six' suppliers. The Customers Business also acquired the customer accounts of Utility Point, Green Network and Zog Energy after being appointed Supplier of Last Resort following the collapse of these suppliers during the ongoing Energy Market Crisis (the Crisis), which was a key activity for the Customers Retail strategy which the Board oversees implementation of.

To ensure the strategy, objective and purpose of the Company is articulated and implemented throughout the organisation, the Group has a communications team that provides support to the Group with issuing tailored communications to employees. Public and political opinion with regard to EDF UK is monitored and the team frequently engages with political parties and other stakeholders. The social media team also has an active listening, response and monitoring strategy to gauge market perception of delivery of the strategy of the Company.

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.

[1] UK Fuel Mix disclosure information, published by Government Department BEIS, recognises electricity from wind, solar and nuclear fuel produces zero carbon dioxide emissions at the point of generation.

DIRECTORS' REPORT (CONTINUED)

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 UK Executive Team;
2. Customers Margin Committee; and
3. EDF UK Risk Management 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:

1. EDF UK Company Health and Safety Committee;
2. EDF UK Audit Committee; and
3. EDF UK Remuneration Committee.

The directors of the Company have given careful consideration to the size and structure of the board, to ensure it possess the knowledge and expertise to meet the Company's strategic needs. The Board is comprised of the Managing Director Customers and members of the Customers Business Unit Executive Team (the **Customers ET**) with expertise in Finance, HR and Sales & Marketing.

In addition to possessing wide-ranging expertise, there has been a considered effort to establish a diverse Board, including a balance of gender, ethnicity and social backgrounds. All changes to the Board composition, 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 UK Directors Training and Induction Manual which outlines their obligations as a Director, how to comply with them, and how to operate within EDF UK'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.

To ensure that potential conflicts of interest of Directors are identified and duly authorised, newly appointed Director are 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 aware that new conflicts arising thereafter must be declared and authorised in advance by the board of directors or by the shareholders. In 2021, there was only one new appointment to the Board.

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) or Customers ET members in attendance., who are also members of the Customers ET. The reporting structure below Board level is designed to ensure that decisions are made by the most appropriate person(s). Management teams report to members of the Customers ET. Management teams report directly to members of the Customers ET. .

DIRECTORS' REPORT (CONTINUED)

The Directors receive regular updates on all aspects of the Customers business endorsed by the relevant Customers ET member ahead of each Board meeting and are confident in the integrity of the information used for decision-making. This is dictated by the Company's internal procedures in relation to financial reporting, key performance indicators (**KPIs**), workforce data, environmental data, stakeholder engagement feedback and consumer data.

The Company and wider Group uses Financial Authority Limits (**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 Group Corporate Governance Policy underpins the Company policy framework that sets out:

1. Requirements for governance bodies;
2. their composition and Board member training;
3. Financial Authority Limit (FALs);
4. The Policy Operating Framework; and
5. Requirements for processes to facilitate the discharge of board duties as well as to provide evidence of decision-making and stakeholders considered as part of that decision-making.

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 a 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 Management, Internal Control, Business Continuity Policy, which defines key standards the companies within the Group are required to achieve. The Company self-assesses against these standards, and the Group is audited against them to provide assurance that Group companies have an appropriate risk culture. The directors agree 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.

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

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.

DIRECTORS' REPORT (CONTINUED)

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 UK Remuneration Committee (as referenced above) of EDF Energy Holdings Limited. Although the purpose of the EDF UK 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 UK 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 publishes its annual Gender Pay Report on its website.

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 Group's key stakeholders, and the ways in which the respective companies engage with them, are set out in the Strategic Report of each set of Annual Accounts.

Good governance and effective communication are essential to deliver the purpose, the Raison d'être of EDF SA, and to protect EDF UK's reputation and relationships with all stakeholders including shareholders, customers, employees, suppliers, regulators and local communities. The Company purpose was developed with input from both employees and customers to ensure its relevance for stakeholders and secure their buy-in. By maintaining dialogue with stakeholders, the Board ensures that it takes decisions aligned with the Company purpose to support long term success.

DIRECTORS' REPORT (CONTINUED)

The Board is committed to social responsibility, community engagement and environmental sustainability which is demonstrated, in particular, through the sustainable business roadmap which showcases our commitment to being a responsible business and our engagement with internal and external stakeholders.

The Group engages, informs and consults with its employees on matters affecting them and has regard to their interests in decision making. Employees who possess a diverse range of talents and perspectives, that feel engaged in their roles, are fundamental to the long-term success of the Company.

Employee engagement mechanisms include:

• Formal and informal briefings, departmental meetings and regular reports in staff newsletters and on the Group intranet.
• Trade union and personal contract holder structures - Company Council, European Works Council, Corporate Social Responsibility Forum, strategy meetings, and business unit specific forums. In 2021, the Company engaged directly with the Trade Union regarding to the consolidation of EDF UK's three pension schemes - see section below on 'Stakeholder concerns identified'.
• Employee networks sponsored by senior management to provide diverse and inclusive environments for employee support, feedback and comment. They help build cultural awareness and understanding of identity, and how different demographic groups face different challenges.
• Diversity and Inclusion Strategy Group (**DISG**) chaired by the CEO reviews Group strategy and actions taken to promote Diversity and Inclusion (**D&I**). It discusses items raised via the employee networks to guide Company policy development.
• Regular employee surveys where senior leaders gather feedback on employee wellbeing which inform policy, for example the EDF Group Employee Engagement Survey discussed further below, see 'Stakeholder concerns identified'.

In the summer of 2020, EDF UK launched its Everyone's Welcome vison for being a great place to work, where everyone is welcome. Following the launch and engagement with our employee networks, EDF UK issued a Standards of Behaviour statement in September 2021. The statement outlines the Company's expectation that all EDF UK employees have access to a respectful working environment and that behaviour which is not in line with the Everyone's Welcome vision will not be tolerated.

Throughout the Covid-19 pandemic, the Company issued regular communications to employees to ensure awareness of the actions taken by the Company and the reason behind them. The protection of EDF UK employees and contractors has remained of paramount importance to the company as the pandemic continued throughout 2021 and concern for the safety of employees has remained at the forefront of the Board's mind in decision making.

The Company has faced serious challenges during 2021 due to the impact of the pandemic. The Board has maintained that the mental health and wellbeing of employees, particularly those in customer facing roles, should remain a top priority for management.

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. Directors and other attendees share feedback from these external discussions with internal stakeholders to support decision making and facilitate transparency.

DIRECTORS' REPORT (CONTINUED)

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 aide its principle decision making. For example, the Company uses customer insight from both specific research exercises and more general customer feedback, such as complaints data, to inform decision making.

The Company is an active member of the industry trade body Energy UK, with internal stakeholders attending monthly Retail Committee Meetings. Through our engagement in this forum we collaborate with other suppliers and industry participants to progress various consumer, regulatory and policy matters alongside discussing regulatory and policy issues to provide direction to Energy UK when engaging external stakeholders.

The Company, in addition to other companies within the Group that meet the applicable threshold, publishes its Modern Slavery Act Statement, Gender Pay Gap Report and Payment Practices Report in accordance with UK law and regulation. Each of these is published externally and gives consideration to EDF UK's relationships with its suppliers, particularly the Modern Slavery and Payment Practice and Reporting Statements. The Board welcomes this transparency and uses these reports to help EDF UK continue to improve its performance in these areas.

Streamlined Energy and Carbon Reporting

Information on the streamlined energy and carbon reporting is discussed in the Group's Annual Report which does not form part of this report and are available to the public as set out in note 27.

Dividends

The Directors has paid no dividend in the current year (2020: £nil).

Political contributions

The Company made no political contributions 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.

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. Please see 'Stakeholder Engagement Statement' section on page 1.

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' REPORT (CONTINUED)

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 are disclosed in note 28 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 2022 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 28 September '22 and signed on its behalf by:

DocuSigned by:
Simon Todd
BA3993070238493...

Simon Todd
Director

....

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.

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 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) as adopted by the European Union [and FRS 101 as issued by the International Accounting Standards Board (IASB)]; 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;
- the statement of accounting policies; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and FRS 101 Reduced Disclosure as issued by the IASB.

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.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

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

- We have reviewed a signed letter of financial support from EDF Energy Limited to assist in meeting the liabilities as and when they fall due which include the EDF Energy Customers Limited. The letter of support was signed on 6th September 2022 and the support will be available for at least 12 months from the date of signing the financial statements.
- We performed an impairment review of the fixed assets held in the Customers CGU. The fixed assets held by this CGU relate primarily to billing systems (software) which are capitalised as intangible assets.
  As part of our work performed, we evaluated whether Management's model producing the valuation had a sufficient risk element incorporated into it. Additionally, we designed and applied sensitivity analyses to model possible downside scenarios in respect of the key assumption, being a 1% long-term EBIT margin.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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.

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

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team, including relevant internal specialists such as tax, IT, pensions and Financial instrument specialist regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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

Report on other legal and regulatory requirements

Opinions 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.

Anthony Matthews

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Anthony Matthews FCA
For and on behalf of Deloitte LLP
Statutory Auditor

London, United Kingdom

28 September 2022

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INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £ m	2020 £ m
Revenue	4	7,927	6,838
Energy and related purchases	5	(7,147)	(6,254)
Gross margin		780	584
Materials and contractor costs		(62)	(57)
Personnel expenses	6	(185)	(189)
Other operating expenses		(618)	(595)
Other operating income	7	90	1
Operating profit/(loss) before depreciation and amortisation		5	(256)
Depreciation and amortisation	9	(83)	(137)
Operating loss after depreciation and amortisation		(78)	(393)
Impairment of non-current assets		-	(5)
Gain (loss) on disposal of property, plant and equipment		(1)	-
Restructuring Costs	6	(25)	(9)
Loss before taxation and net finance costs		(104)	(407)
Investment income	11	3	4
Finance costs	12	(1)	(2)
Loss before taxation		(102)	(405)
Taxation	13	23	75
Loss for the year		(79)	(330)

There were no recognised gains or losses during the current or prior year other than the losses shown above. Accordingly, no separate statement of comprehensive income has been presented.

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

BALANCE SHEET
AT 31 DECEMBER 2021

	Note	2021 £ m	2020 £ m
Non-current assets			
Intangible assets	14	192	230
Property, plant and equipment	15	15	16
Investment in subsidiary undertakings	16	98	86
Right of use assets	17	2	4
Financial assets	18	11	22
Investment in associates	16	52	52
Deferred tax assets	24	14	5
		384	415
Current assets			
Financial assets	18	4	4
Trade and other receivables	19	1,712	1,306
Cash and cash equivalents	20	-	2,209
Current tax asset		125	111
		1,841	3,630
Total assets		2,225	4,045
Current liabilities			
Other liabilities	21	(2,570)	(4,395)
Borrowings	22	(13)	(13)
Provisions	23	(111)	(13)
Lease liability	17	(1)	(2)
		(2,696)	(4,423)
Net current liabilities		(855)	(793)
Total assets less current liabilities		(471)	(378)
Non-current liabilities			
Borrowings	22	-	(13)
Lease liability	17	(1)	(2)
Total liabilities		(2,697)	(4,438)
Net liabilities		(472)	(393)
Capital and reserves			
Called up share capital	25	100	100
Retained earnings		(572)	(493)
Shareholders' funds		(472)	(393)

**BALANCE SHEET
AT 31 DECEMBER 2021**

The financial statements of EDF Energy Customers Limited (registered number 02228297) on pages 24 to 56 were approved by the Board and authorised for issue on 28 September '22 and signed on its behalf by:

DocuSigned by:
Simon Todd
BA3993070238493...
....
Simon Todd
Director
....

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £ m	Retained earnings £ m	Total £ m
At 1 January 2020	10	(163)	(153)
Loss for the year	-	(330)	(330)
Shares issued (note 25)	90	-	90
At 31 December 2020	100	(493)	(393)
Loss for the year	-	(79)	(79)
At 31 December 2021	100	(572)	(472)

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 10.

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.

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 27.

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 (note 28)), 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 a period of at least 12 months from the date of approval of the accounts. 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.

Government grants

Government grants are recognised in the income statement on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred are recognised in the income statement in the period in which they become receivable.

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.

2 Accounting policies (continued)

Finance cost

Finance costs of debt are recognised in the income statement over the term of such instruments, at a constant rate on the carrying amount.

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.

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. The amortisation expense on intangible assets is recognised in the income statement. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

Licences

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

2 Accounting policies (continued)

Customers 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.

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.

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.

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:

Asset class	**Depreciation method and rate**
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 bought 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.

Investment in subsidiaries

Investment in subsidiaries Subsidiary undertakings are those entities controlled by the company, and where the substance of the relationship between the company and the entity indicates that the entity is controlled by the company.

The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Considerations in the assessment of control include:
- the purpose and design of the entity;
- what the relevant activities are and how decisions about those activities are made;
- whether the rights of the company give it the current ability to direct the relevant activities;

2 Accounting policies (continued)

- whether the company is exposed, or has rights, to variable returns from its involvement with the entity; and
- whether the entity has the ability to use its power over the investee to affect the amount of the investor's returns.

The company continues to assess whether it controls an entity if facts and circumstances indicate that there changes to the elements of control.

Investment in subsidiaries is recorded at cost and is subsequently assessed for indicators of impairment. If such factors exist, a detailed impairment test is carried out. Impairment is recognised in the income statement when the recoverable amount of the company's investment is lower than the carrying amount of the investment.

Upon disposal of the investment in the entity, the company measures the investment at its fair value. Any difference between the fair value of the company's investment and the proceeds of disposal is recognised in the income statement.

Investment in associates

An associate is an entity over which the Company is in a position to exercise significant influence, but not control or jointly control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

Investments in associates are accounted for at cost less, where appropriate, allowances for impairment. If there is an indication of impairment the Company calculates the amount of impairment and the difference between the recoverable amount of the associate and its carrying value is then recognised in the income statement.

Upon loss of significant influence over the associate the company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the Associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

Leases

Company as a lessee

At contract inception, the company assesses whether a contract is or contains a lease. A contract is treated as a lease if it conveys the rights to control the use of an identified asset for a period of time in exchange for consideration.

Identified arrangements that do not have the legal form of a lease contract but nonetheless convey the right to control the use of an asset or group of specific assets to the purchaser are treated by the company as leases, and analysed by reference to IFRS 16.

The company recognises a lease liability which represents the lease payments to be made and a right-of-use asset representing the right to use the underlying asset for all leases apart from short-term leases (12 months or less) and leases of low value assets. Payment on short-term leases and low value assets are recognised on a straight-line basis over the lease term in the income statement.

2 Accounting policies (continued)

Right of use assets

IFRS 16 requires leases to be recognised in the lessee's balance sheet when the leased asset is made available, in the form of a "right of use" asset. This is presented on the face of the balance sheet. Right of use asset is measured at cost less any accumulated depreciation and impairment loses and adjusted for any re-measurement of lease liability. The cost of right of use assets includes the initial measurement of the lease liability, any lease payment made at or before the commencement dates less any lease incentives received, any initial direct costs and an estimate of the costs to be incurred in dismantling and removing the underlying asset, restoring the site or restoring the underlying asset to the condition required by the terms of the lease. Right of use assets are depreciated on straight-line basis over the shorter of the lease term and the estimated useful life of the asset.

Lease Liabilities

At commencement of a lease the company recognises a lease liability measured at the present value of the lease payments to be made over the lease term. The discount rate used is the incremental borrowing rate at the date of the lease commencement. The lease liability is split between current and non-current lease liabilities. Lease payments include fixed payments less any lease incentives receivable and amounts expected to be paid under residual value guarantees. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is re-measured if there is a modification such as a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Financial instruments
Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through the profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability or a financial asset and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or asset or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial assets

The Company's financial assets are classified as subsequently 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.

2 Accounting policies (continued)

Financial assets (continued)
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 lease receivable, a contract asset or a loan commitment and a financial guarantee contract to which impairment requirements apply.

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, and entity shall 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.

2 Accounting policies (continued)

Financial liabilities and equity

Financial liabilities as subsequently measured at amortised cost, except for:

(a) financial liabilities at fair value through profit or loss - these include derivatives that are liabilities which are subsequently measured at fair value.
(b) financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when continuing involvement applies.
(c) financial guarantee contracts to which (a) or (b) does not apply are subsequently measured as the higher of - the amount of loss allowance determined, or, the amount initially recognised less the cumulative amount of income recognised.
(d) commitments to provide a loan at below market interest rate to which (a) or (b) does not apply are subsequently measured as the higher of - the amount of loss allowance determined, or, the amount initially recognised less the cumulative amount of income recognised.
(e) contingent consideration recognised as an acquirer in a business combination which is measured at fair value through profit or loss.

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.

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.

2 Accounting policies (continued)

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.

Borrowing costs

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 specifically 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.

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 Company 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.

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.

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.

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 systems, as described further below, 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. A change in these assumptions of 2% would impact revenue by £16m.

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.

Impairment of investment in subsidiary and associates

The Company performs impairment testing of investment in subsidiaries and associates where there is an indication of potential impairment. The impairment review involves a number of assumptions including discount rates and cashflow forecast. These assumptions are reviewed annually to ensure they are reliable.

Onerous contracts provision

The amount recognised in the financial statements represents the best estimate of the expenditure required to settle present obligation at the balance sheet date. The assumptions in determining the provision include customer tenure, discount rate and expected cashflows. The provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the value of money and, where appropriate, the risk specific to the liability. A 1-year increase in the customer tenure would result in a £5m decrease in the onerous contract provision.

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

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:

	2021 £ m	2020 £ m
Supply of energy and related services	7,927	6,838

The disaggregation of revenue is as follows:

	2021 £ m	2020 £ m
Electricity Supply		
Domestic	2,333	1,997
Small Medium Enterprise	343	274
Industrial and Commercial	3,977	3,506
Gas Supply		
Domestic	1,244	1,037
Small Medium Enterprise	30	24
	7,927	6,838

5 Energy and related purchases

	2021 £ m	2020 £ m
Purchase of energy	6,236	5,439
Distribution and transmission	910	812
Other energy related purchases	1	3
	7,147	6,254

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Personnel expenses

	2021	2020
	£ m	£ m
Wages and salaries	137	135
Social security costs	15	15
Other pension costs	33	39
Total Personnel expenses	185	189
Restructuring cost	25	9
	210	198

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

	2021	2020
	No.	No.
Administration and support	420	463
Other departments	3,584	3,733
	4,004	4,196

7 Operating income

The analysis of the company's other operating income for the year is as follows:

	2021	2020
	£ m	£ m
Industry levy claim (i)	87	-
Other income	3	1
	90	1

(i) Under Ofgem's regulatory framework, relevant costs incurred as a result of taking on customers from suppliers that have exited the energy market, will be recoverable through the industry levy.

8 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2021	2020
	£ m	£ m
Aggregate remuneration	2	2

During the year the number of directors who were receiving benefits and share incentives was as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Directors' remuneration (continued)

	2021 No.	2020 No.
Accruing benefits under defined benefit pension scheme	7	7

In respect of the highest paid director:

	2021 £ m	2020 £ m
Aggregate remuneration	1	1

The Directors of the Company are paid by the Company for services provided to all companies within the Group and have been set out above.

No Director (2020: none) 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.

The aggregate remuneration includes basic salary and amounts received under annual incentive schemes.

9 Operating Profit

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

	2021 £ m	2020 £ m
Depreciation on property, plant and equipment (Note 15)	1	2
Amortisation of intangible assets (Note 14)	80	132
Depreciation on right of use assets (Note 17)	2	3
Impairment of investment in subsidiary (Note 10)	-	5
Research costs	1	1
(Gain)/Loss on disposal of Property, Plant and Equipment	1	-

In 2021 an amount of £614,000 (2020: £411,766) was paid to Deloitte LLP for audit services. This charge was borne by another Group company in both the current and prior year. In 2021, amounts payable to Deloitte LLP by the Company in respect of other assurance services were £nil (2020: £nil).

10 Impairment

	2021 £ m	2020 £ m
Impairment of subsidiary undertakings	-	5

The Company's investment in Hoppy Limited was fully impaired in 2020 as a result of plans to cease all trading.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Investment income

	2021 £ m	2020 £ m
Interest receivable from other Group companies	1	-
Other finance income	2	4
	3	4

12 Finance costs

	2021 £ m	2020 £ m
Interest payable on loans from other Group companies	1	2
	1	2

Interest payable on loans from other group companies are unsecured and repayable on demand.

13 Tax on loss on continuing ordinary activities

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

	2021 £ m	2020 £ m
Current taxation		
UK corporation tax credit on profits / loss made in the year	(14)	(60)
Adjustments in respect of previous years' reported tax credits	-	(3)
Total current tax credit in the year	(14)	(63)
Deferred taxation		
Current year credit	(8)	(15)
Adjustments in respect of previous years' reported tax charges	-	3
Effect of decreased tax rate on opening balance	(1)	-
Total deferred tax charge / (credit) in the year	(9)	(12)
Income tax credit reported in the income statement	(23)	(75)

(b)The tax on loss before tax for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%).

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

13 Tax on loss on continuing ordinary activities (continued)

	2021	2020
	£ m	£ m
Loss before tax	(102)	(405)
Tax at the UK corporation tax rate of 19.00% (2020: 19.00%)	(19)	(77)
Effect of:		
Non-deductible impairment	-	1
Other non-deductible expenses and non-taxable income	-	1
Current year effect of deferred tax rate change	(2)	-
Adjustment to prior-year corporation tax credit	-	(3)
Adjustment to prior year deferred tax charge	-	3
Impact of increased tax rate on opening deferred tax balance	(2)	-
Tax (credit) / charge reported in the income statement	(23)	75

(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.

The closing deferred tax balance at 31 December 2021 has been calculated at 25.20% (31 December 2020: 19.00%). This is the average tax rate at which the reversal of the net deferred tax asset is expected to occur.

14 Intangible assets

	IT Software	Licence	Customer contracts	Other intangible assets under construction	Total
	£ m	£ m	£ m	£ m	£ m
Cost or valuation					
At 1 January 2021	634	562	34	29	1,259
Additions	-	-	24	20	44
Disposals	(3)	-	-	-	(3)
Transfers	15	-	-	(15)	-
At 31 December 2021	646	562	58	34	1,300
Amortisation and impairment					
At 1 January 2021	(470)	(547)	(12)	-	(1,029)
Amortisation charge	(59)	(5)	(16)	-	(80)
Amortisation eliminated on disposals	1	-	-	-	1
At 31 December 2021	(528)	(552)	(28)	-	(1,108)
Carrying amount					
At 31 December 2021	118	10	30	34	192
At 31 December 2020	164	15	22	29	230

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 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 £24m (2020: £19m) represent the costs of residential and SME gas and electricity contracts that were acquired during the year.

15 Property, plant and equipment

	Other property, plant and equipment £ m	Meter assets £ m	Assets under construction £ m	Total £ m
Cost				
At 1 January 2021	44	10	1	55
Additions	-	-	2	2
Disposals	(2)	(1)	-	(3)
Transfers	-	1	(1)	-
At 31 December 2021	42	10	2	54
Depreciation				
At 1 January 2021	(30)	(9)	-	(39)
Charge for the year	(1)	-	-	(1)
Eliminated on disposal	1	-	-	1
At 31 December 2021	30	9	-	39
Carrying amount				
At 31 December 2021	12	1	2	15
At 31 December 2020	14	1	1	16

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Property, plant and equipment (continued)

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.

16 Investment in subsidiary and associate undertakings

Reconciliation of investment in subsidiary and associate undertakings

	2021
	£ m
Opening Balance	138
Additions	12
Impairment (note 9)	-
Closing Balance	150

Investment in subsidiaries

	£ m
Cost	
At 1 January 2020	5
Additions	86
Impairment (note 10)	(5)
At 31 December 2020	86
Additions	12
Impairment (note 10)	-
At 31 December 2021	98
Carrying amount	
At 31 December 2021	98
At 31 December 2020	86

In 2021, EDF Energy Customers Limited investment in Hoppy limited was derecognised as the entity have been struck-off the register. Prior to derecognistion, the investment had been impaired to nil in 2020.

Pod Point Group Holdings Plc (previously EDF Energy EV Limited) was floated on the London Stock Exchange on 4th November 2021 raising £105 million of third party financing to fund future growth in the UK electric vehicle market through issuance of new shares.

In addition, EDF Energy Customers Limited subscribed £12m of new shares and retained a 54.05% ownership in Pod Point following the IPO.

See note 10 for further details on the impairment in subsidiary undertakings.

The subsidiary undertakings at 31 December 2021 which are incorporated in the United Kingdom and are registered and operate in England and Wales, or Scotland (unless otherwise stated), are as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Investment in subsidiary and associate undertakings (continued)

Name of subsidiary	Principal activity	Proportion of ownership interest and voting rights held 2021	2020
Hoppy Limited	Provision and maintenance of a digital innovation system focused on home services (the entity has been stroke off)	0%	51%
Pod Point Group Holdings Plc	Provider of charging infrastructure for electric vehicles	54.05%	77.5%
Pod Point Holdings Limited*	Holding Company	54.05%	77.5%
Pod Point Limited*	Provision for charging infrastructure for electric vehicles	54.05%	77.5%
Open Charge Limited*	Financial activities	54.05%	77.5%
Pod Point Asset one Limited*	Provision for charging infrastructure assets for electric vehicles	54.05%	77.5%
Pod Point Norge AS (Norway)* (1)	Dormant company	54.05%	77.5%

*Indirectly held
(1) Registered Address: Engebrets vei 3 0275 Oslo.
Unless stated otherwise, the registered address of the subsidiary undertakings listed above is 28-42 Banner Street Banner Street, London, England, EC1Y 8QE.

Investment in associates

	£ m
Cost	
At 1 January 2020 and 31 December 2020	52
At 31 December 2021	52
Carrying amount	
At 31 December 2021	52
At 31 December 2020	52

Details of the associates as at 31 December 2021 are as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Investment in subsidiary and associate undertakings (continued)

Name of Associate	Principal activity	Proportion of ownership interest in ordinary shares and voting rights held 2021	2020
EDF Energy Services Limited	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
The Barkantine Heat and Power Company Limited (1)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
ESSCI Limited (1)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
ESSCI Engineering Services Limited* (1)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
Imtech Engineering Services North Ltd* (3)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
Imtech Engineering Services Central Ltd* (3)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
Imtech Engineering Services London & South Ltd* (1)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
Imtech Aqua Ltd* (3)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%

16 Investment in subsidiary and associate undertakings (continued)

Imtech Aqua Building Services Ltd* (3)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
Imtech Aqua Controls Ltd* (3)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
Imtech Low Carbon Solutions Ltd* (3)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
ESSCI Technical Facilities Management Limited* (1)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
Inviron Holdings Limited* (4)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
Imtech Inviron Limited* (2)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
Inviron Property Limited* (4)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
Imtech Aqua Maintenance Limited* (4)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
ESSCI Technical Services Limited* (1)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Investment in subsidiary and associate undertakings (continued)

Capula Group Limited* (5)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
Capula Limited* (5)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
ESSCI Ireland Limited* (1)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
Suir Engineering Limited* (Ireland) (6)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
Suir Engineering Sweden AB* (Sweden)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
Imtech Suir Qatar LLC* (Qatar)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
Breathe Energy Limited* (7)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%
Breathe Asset Management Services Ltd* (7)	Provision and maintenance of a digital innovation system focused on home services	50% / 49%	50% / 49%

16 Investment in subsidiary and associate undertakings (continued)

*indirectly held

(1) Registered Address: Twenty 4th Floor, 20 Kingston Road, Staines Upon Thames, United Kingdom, TW18 4LG
(2) Registered Address: 5th Floor, John Stow House Bevis Marks London EC3A 7JB
(3) Registered Address: G&H House, Hooton Street, Carlton Road, Nottingham, NG3 5GL
(4) Registered Address: 3160, 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
(7) Registered Address: 13a, Tottenham Mews, London, England, W1T 4AQ

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

17 Leases

Company as a lessee

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 1.44%.

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

	2021	2020
	£ m	£ m
As at 1 January	4	6
Additions	1	1
Early terminations	(1)	-
Payments	(2)	(3)
As at 31 December	2	4

The lease liabilities have been split as follows:

	2021	2020
	£ m	£ m
Current	1	2
Non-current	1	2
Total	2	4

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Leases (continued)

	RoU-Other Plant and Equipment £ m
Cost	
At 1 January 2021	8
Additions	1
Disposals	(2)
At 31 December 2021	7
Accumulated depreciation	
At 1 January 2021	4
Charge for the year	2
Disposals	(1)
At 31 December 2021	5
Carrying amount	
At 31 December 2020	4
At 31 December 2021	2

The following are amounts recognised in profit or loss:

	2021 £ m	2020 £ m
Depreciation of right of use assets	2	3
	2	**3**

18 Financial assets

	2021	2020
Current financial assets	**£ m**	**£ m**
Loans to subsidiaries	-	1
Loans to associates	4	3
Total	**4**	**4**
Non-current financial assets		
Loans to subsidiaries	-	7
Loans to associates	11	15
Total	**11**	**22**

The loan facility was unsecured, accruing interest at 1.92% and repayable in instalments until final payment by 30 June 2027.

During the year, a repayment of £7m was made by Pod Point Group Holdings Plc (previously EDF Energy EV Limited).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Trade and other receivables

	2021 £ m	2020 £ m
Trade receivables	1,148	916
Allowance for expected credit losses	(228)	(191)
Unbilled revenue	779	574
Amounts owed by Group companies (Note 26)	2	2
Other debtors	11	5
	1,712	1,306

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.

20 Cash and cash equivalents

	2021 £ m	2020 £ m
Cash pooling with Group companies	-	2,209

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 £Nil (2020: £2,209m) is pooled with other group companies.

21 Other liabilities

	2021 £ m	2020 £ m
Trade Creditors	606	535
Accruals and deferred income	199	156
Amounts owed to other Group companies (Note 26)	1,423	3,232
Other Payables	343	472
	2,571	4,395

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. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Borrowings

	2021	2020
	£ m	£ m
Borrowings due within one year	13	13
Borrowings due within more than one year	-	13
	13	26

Borrowings of £13m (2020: £26m) 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.

23 Provisions for liabilities

	Restructuring £ m	Onerous contracts £ m	Other costs £ m	Total £ m
At 1 January 2021	10	1	2	13
Increase in provisions	24	92	-	116
Provisions utilised	(16)	(1)	(1)	(18)
At 31 December 2021	18	92	1	111

The provisions have been split as follows:

	2021 Current	2020 Current
	£ m	£ m
Restructuring costs	18	10
Onerous contracts	92	1
Other costs	1	2
	111	13

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.

Onerous contract costs amounting to £92m were recognised in the current year. These relate to un-forecast Standard Variable Tariff (SVT) customers that have lapsed onto SVT after the closure of the hedging window, as set out in Ofgem's SVT Cap pricing methodology. These customers have now been hedged at much higher prices than allowed in the SVT Cap, due to a global energy crisis causing prices to spike.

Other costs relates to legal and insurance cases expected to be settled in the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 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	Total
	£ m	£ m	£ m
At 1 January 2020	(13)	6	**(7)**
Credit/(charge) to income:			
Current year	14	1	**15**
Adjustments in respect of previous years' reported tax charges	-	(3)	**(3)**
Effect of decreased tax rate on opening liability	(1)	1	**-**
At 31 December 2020	-	5	**5**
Credit/(charge) to income:			
Current year	6	2	**8**
Adjustments in respect of previous years' reported tax charges	1	(1)	**-**
Effect of increased tax rate on opening liability	(1)	2	**1**
At 31 December 2021	6	8	**14**

The Company has unrecognised tax losses of £6m (2020: £7m). The losses give rise to a deferred tax asset of £2m (2020: £1m) 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:

	2021	2020
	£ m	£ m
Deferred tax liabilities	-	-
Deferred tax assets	14	5
	14	5

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No. m	**£ m**	**No. m**	**£ m**
Ordinary shares of £1.00 each	100	100	100	100

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

26 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 8 for details of their remuneration. There are no other transactions with key management personnel during the year (2020: none).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26 Related party transactions (continued)

Amounts owed by related parties

2021	**Other related parties £ m**	**Subsidiaries £ m**	**Associate £ m**
Financial assets	-	-	15
Amounts receivable from related party	2	-	-

2020	**Other related parties £ m**	**Subsidiaries £ m**	**Associate £ m**	**Parent £ m**
Financial assets	-	8	18	2,209
Amounts receivable from related party	2	-	-	-

Amounts owed to related parties

2021	**Parent £ m**
Borrowings	13
Amounts due to other Group companies	1,423

2020	**Parent £ m**
Borrowings	26
Amounts payable to related party	3,232

27 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, England, W1T 4EZ.

At 31 December 2021, 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.

28 Post Balance Sheet events

Energy price cap

On 3 February 2022, the British energy regulator OFGEM announced the new energy price cap for the Standard Variable Tariff (SVT), applicable from April 2022 for the following six months at £1,971 (Dual Fuel, average annual consumption). The 54% increase announced is estimated to correspond to an average +£693 cost per year for a standard consumer profile.

On 26 August 2022, OFGEM announced the new energy price cap for the Standard Variable Tariff (SVT), applicable from October 2022 for the following three months. The 80% increase to £3,549 (DF, AAC) announced is estimated to correspond to an average +£1,578 cost per year for a standard consumer profile.

As a result of the unprecedented rise in the SVT Cap to such unaffordable levels, on 8 September 2022, a new 'Energy Price Guarantee' was announced by the British government which will put a cap on standing charges and unit rates, with a typical UK household paying no more than £2,500 a year on their energy bill for the next two years from 1 October 2022. This supersedes the existing energy price cap which was announced on 26 August 2022 and would save a typical household £1,000 per year, in addition to existing £400 support scheme. The scheme will work by Government setting a pence per kWh tariff reduction to the SVT Cap, for which suppliers will be compensated in full. Further, on 21 September 2022, the British government announced the "Energy Bill Relief Scheme", which will provide a discount on wholesale gas and electricity prices for all non-domestic customers (including all UK businesses, the voluntary sector like charities and the public sector such as schools and hospitals). It will apply to fixed customer contracts agreed on or after 1 April 2022, as well as to deemed, variable and flexible tariffs contracts. The scheme will cover energy usage from 1 October 2022 to 31 March 2023, running for an initial 6 month period for all non-domestic energy users. This support will be equivalent to the Energy Price Guarantee put in place for households.

Other measures previously announced by the British government in 2022 are:
i) £150 rebate on local taxes effective April 2022, for 80% of households;
ii) £400 reduction on energy bills effective October 2022, to be applied as discounts by suppliers to customer accounts in 6 instalments from October 2022 to March 2023;
iii) An additional £300 for pensioner households that receive the Winter Fuel Payment.