EDF ENERGY (ENERGY BRANCH) LIMITED

REGISTERED NUMBER: 2449611

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

EDF ENERGY (ENERGY BRANCH) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

CONTENTS

Directors
Christopher Bebbington
Stuart Crooks
Michael Harrison
David Mitchell
Gwen Parry-Jones
Darren Ramshaw
Matthew Sykes
Owen Forster
Martin Cheetham

Company secretary Claire Gooding

Auditor
Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Registered office
40 Grosvenor Place
Victoria
London
SW1X 7EN

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2016.

Principal activity
The principal activity of the company is that of a holding company for investments in projects involving the generation of electricity. It will continue with this activity for the foreseeable future.

Review of the business
The profit for the year before taxation amounted to £14,477k (2015: £2,776k) and the profit after taxation amounted to £14,453k (2015: £2,820k).

EDF Energy (Energy Branch) Limited 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 Generation Business Unit, which includes the Company, and future likely developments of the business are discussed in the Group's Annual Report which does not form part of this report.

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

Investment risk
The future prospects of the Company are dependent on the performance of its investment in subsidiaries, including joint ventures and associates. The investments in subsidiaries, joint ventures and associates have been reviewed and the carrying value is considered to be recoverable based on their forecasted performance.

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

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

Retirement benefit obligations risk
The Company has two defined benefit pension schemes. Low interest rates and changes in demographic factors have led scheme liabilities to grow at a faster rate than assets, resulting in actuarial deficits that have led to increased pension expense and cash contributions. The Company and the pension scheme trustees keep investment risk under review, concentrating on prudent asset allocation and liability hedging. A pension benefit reform has been implemented effective from 1 January 2016 to reduce the actuarial deficit and the required cash costs. See note 18 for more details of pension risks.

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.

Going concern
The financial statements have been prepared under the going concern basis because EDF Energy plc, the intermediate parent company, has agreed to continue 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.

Approved by the Board on 5 September 2017 and signed on its behalf by:

....
David Mitchell
Director

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 December 2016.

Principal risks and uncertainties, going concern and a review of the business are discussed within the Strategic Report.

Directors

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

Christopher Bebbington

Stuart Crooks

Michael Harrison

David Mitchell

Gwen Parry-Jones

Darren Ramshaw

Matthew Sykes

Simon Baker (resigned 9 June 2016)

Craig Dohring (resigned 30 November 2016)

Paul Morton (resigned 29 February 2016)

Vincent Roulet (resigned 31 March 2017)

Owen Forster (appointed 14 June 2016)

The following director was appointed after the year end:

Martin Cheetham (appointed 25 July 2017)

Dividends

The Directors do not recommend payment of a dividend (2015: £nil).

Directors

None of the Directors had a service contract with the Company in the current or prior year. They are all employed by associated companies within the Group and no portion of their remuneration can be specifically attributed to their services to the Company.

No Director (2015: 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.

Political donations

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

Future developments

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

DIRECTORS' REPORT (CONTINUED)

Equal opportunities
The Company is fully committed to ensuring that all current and potential future employees and customers are treated fairly and equally, regardless of their gender, sexual orientation, marital status, disability, race, colour, nationality or ethnic origin. The Company provides equal opportunities for employment, training and development, having regard to particular aptitudes and abilities. In the event of employees becoming disabled during employment, where possible, assistance and retraining is given so that they may attain positions compatible with their ability.

Employee involvement
The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting their employment and on the various factors affecting the performance of the Company and Group. This is carried out in a number of ways, including formal and informal briefings, departmental meetings and regular reports in staff newsletters and on the Group intranet.

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

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 in order for (a) Deloitte LLP to be appointed and deemed to be re-appointed as the auditor to the Company for the financial year ending 31 December 2017, and for subsequent financial years, in accordance with the provisions of Section 487(2) of the Companies Act 2006, and for (b) the Directors to be authorised to fix the remuneration of the auditor, it is necessary to obtain the approval of the members of the Company and a members shareholder written resolution has been prepared and will be circulated for approval.

Approved by the Board on 5 September 2017 and signed on its behalf by:

....
David Mitchell
Director

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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 the year. 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 Financial Reporting Standard 101 Reduced Disclosure Framework 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 (ENERGY BRANCH) LIMITED

We have audited the financial statements of EDF Energy (Energy Branch) Limited for the year ended 31 December 2016, which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Timothy Biggs, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

London, United Kingdom

5 September 2017

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £ 000	2015 £ 000
Impairment		-	(3,386)
Reversal of impairment		-	5,103
Loss relating to windfarm investment		-	(1,915)
Profit on disposal of investments		2,816	-
Profit/(loss) before taxation and finance costs	4	**2,816**	(198)
Investment income	7	16,599	8,786
Finance costs	8	(4,938)	(5,812)
Profit on ordinary activities before taxation		**14,477**	2,776
Taxation	9	(24)	44
Profit for the year		**14,453**	2,820

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £ 000	2015 £ 000
Profit for the year	14,453	2,820
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of post employment benefit obligations	11,418	(832)
Income tax effect	(1,977)	(36)
Other comprehensive income/(loss) for the year, net of tax	9,441	(868)
Total comprehensive income attributable to the owners of the Company for the year	23,894	1,952

The income tax effect on defined benefit pensions includes a deferred tax charge of £2,887k (2015: charge of £326k) and a current tax credit of £910k (2015: credit of £290k).

BALANCE SHEET
AT 31 DECEMBER 2016

	Note	2016 £ 000	2015 £ 000
Non-current assets			
Financial assets	11	116,796	126,404
Investments in subsidiary undertakings	12	-	-
Investments in joint ventures	13	159,318	146,223
Investments in associates	14	-	10,103
Post-employment benefit asset	18	6,986	-
Deferred tax assets	17	-	2,491
		283,099	285,221
Current assets			
Trade and other receivables	15	9,830	118
Cash and cash equivalents		1,290	-
Current tax asset		1,583	1,013
		12,703	1,131
Total assets		295,803	286,352
Current liabilities			
Other liabilities	16	(236,068)	(242,119)
Net current liabilities		(223,365)	(240,988)
Total assets less current liabilities		59,735	44,233
Non-current liabilities			
Deferred tax liability	17	(372)	-
Post-employment benefits provision	18	(4,848)	(13,613)
		(5,220)	(13,613)
Total liabilities		(241,288)	(255,732)
Net assets		54,514	30,620

BALANCE SHEET
AT 31 DECEMBER 2016 (CONTINUED)

	Note	2016 £ 000	2015 £ 000
Capital and reserves			
Called up share capital	19	3,000	3,000
Capital redemption reserve	19	(43)	(43)
Profit and loss account		51,557	27,663
Shareholders' funds		54,514	30,620

The financial statements of EDF Energy (Energy Branch) Limited (registered number 2449611) on pages 8 to 33 were approved by the Board and authorised for issue on 5 September 2017 and signed on its behalf by:

....

David Mitchell

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2015	3,000	(43)	25,711	28,668
Profit for the year	-	-	2,820	2,820
Other comprehensive income for the year	-	-	(868)	(868)
Total comprehensive income	-	-	1,952	1,952
At 31 December 2015	3,000	(43)	27,663	30,620
Profit for the year	-	-	14,453	14,453
Other comprehensive income for the year	-	-	9,441	9,441
Total comprehensive income	-	-	23,894	23,894
At 31 December 2016	3,000	(43)	51,557	54,514

NOTES TO THE FINANCIAL STATEMENTS

1 General information

EDF Energy (Energy Branch) Limited is a private company limited by shares 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.

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 FRS 101 Reduced Disclosure Framework.

Amendments to IFRSs that are mandatorily effective for the current year
The Company has adopted the amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation and the amendments to IFRSs included in the Annual Improvements to IFRSs 2012 - 2014 Cycle for the first time in the current year. The adoption of these amendments has had no impact on the Company's financial statements.

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, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period as explained in the accounting policies in note 2. Historical cost is generally based on the fair value of the consideration given in exchange for the asset.

Fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the balance sheet date.

The financial statements are presented in pounds sterling as that is the currency for the primary economic environment in which the Company operates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

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), 39(c) 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; and
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.

Where relevant, equivalent disclosures have been given in the group accounts which are available to the public as set out in note 21.

Going concern

The financial statements have been prepared under the going concern basis because EDF Energy plc, the intermediate parent company, has agreed to continue 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.

Exemption from preparing group accounts

The financial statements contain information about EDF Energy (Energy Branch) 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 its parent, EDF Energy Holdings Limited, a company incorporated in United Kingdom.

Finance income and costs

Investment income, including dividend income, is earned on financial assets and recognised in the Income Statement on an accruals basis. Finance costs are accounted for on an accruals basis in the Income Statement based upon contracted rates.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

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.

Investments
Fixed asset investments are shown at cost less any provision for impairment. Current assets investments are stated at the lower of cost and net realisable value.

An investment is derecognised on disposal. Gains or losses arising from derecognition of an investment, measured as the difference between the net disposal proceeds and the carrying amount of the investment, are recognised in the income statement when the investment is derecognised.

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 restricted cash. The Group operates a cash concentration arrangement which physically offsets cash balances and overdrafts between subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Retirement benefit costs

The Company operates two defined benefit pension schemes. The cost of providing benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each balance sheet date. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs include current service, past service cost and gains or losses on curtailments and settlements which are included in personnel expenses. It also includes net interest expense which is included in finance costs.

The retirement benefit obligation recognised on the balance sheet represents the deficit or surplus in the Company's defined benefit schemes. Any surplus arising from this calculation is limited to the present value of any economic benefits available in the form of refunds from the scheme or reductions in future contributions to the schemes.

Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying amounts of its fixed asset investments 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 Group estimates the recoverable amount of the investment.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Financial instruments
Financial assets and liabilities are recognised on the Group's balance sheet when the Group 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 pair 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).

3 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, some critical accounting judgements have been applied by management and some balances are based on estimates.

Pension deficit/asset
The pension deficit/asset are calculated by independent qualified actuaries, based on actual payroll data and certain actuarial assumptions. These actuarial assumptions are made to model potential future costs and benefits and include: life expectancy, rates of returns on plan assets, inflation, discount rate and expected retirement age. These assumptions are reviewed on an annual basis and may change based on current market data. Further information is available in the consolidated financial statements of the Group, which are available as disclosed in note 21.

Recoverability of investments
The Company reviews the recoverability of investments on an annual basis where there is an indicator of impairment. The impairment review involves a number of assumptions including discount rates, output values, asset lives and forward power prices.

4 Profit/(loss) before taxation and finance costs

Profit/(loss) before taxation and finance costs has been arrived at after (charging)/crediting the following gains and losses:

	2016 £ 000	2015 £ 000
Reversal of impairment loss (note 10)	-	5,103
Impairment loss (note 10)	-	(3,386)
Profit on disposal of investments	2,816	-
Loss on acquisition of an investment	-	(1,915)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Profit/(loss) before taxation and finance costs (continued)

Profit on disposal of investments relates to the sale of the Company's 100% investment in The Barkantine Heat and Power Company Limited ('Barkantine') and its 18.6% interest in Barking Power Limited. Consideration of £1,669k was received from another EDF S.A. Group company, EDF Energy Services Limited, for Barkantine, which was held at a book value of £100, resulting in a profit on disposal of £1,669k. The shares in Barking Power Limited were sold to ATCO Power Generation Limited for £10,800k, compared to a book value of £10,103k, resulting in a profit on disposal of £697k. An amount of £450k has also been recognised in respect of adjustments to the profit on disposal resulting from the group restructure which occurred in 2014.

The loss of £1,915k in 2015 relating to windfarm investment consists of write-offs relating to the refusal of development consent of Navitus Bay windfarm. Rejection of development consent crystallised payments relating to the group restructure in 2014. As a result of the development consent refusal, the Company also impaired its investment in the holding company of the Navitus Bay project, EDF Energy Round 3 Isle of Wight Limited, by £3,386k.

In 2016, an amount of £37,845 (2015: £37,244) was paid to Deloitte LLP for audit services. This charge was borne by another Group company in the current and prior year. In 2016, amounts payable to Deloitte LLP by the Company in respect of other assurance services was £nil (2015: £nil).

5 Directors' remuneration

None of the Directors had a service contract with the Company in the current or prior year. They are all employed by associated companies within the group and no portion of their remuneration can be specifically attributed to their services to the Company. Details of total Directors' remuneration is available in the group accounts, which are available to the public as set out in note 21.

No Director (2015: none) held any interests in the shares or debentures of the Company or the Group required to be disclosed under the Companies Act 2006.

6 Personnel expenses

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016 £ 000	2015 £ 000
Wages and salaries	26,910	25,475
Social security costs	3,102	2,057
Pension costs	6,647	8,457
Severance	17	-
Recharged to other Group companies	(36,676)	(35,989)
	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Personnel expenses (continued)

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

	2016 No.	Restated 2015 No.
Production in subsidiaries	504	507

7 Investment income

	2016 £ 000	2015 £ 000
Income from investment	12,713	5,610
Interest receivable on loans to joint ventures	3,886	2,886
Interest receivable on loans to other Group companies	-	290
	16,599	8,786

8 Finance costs

	2016 £ 000	2015 £ 000
Unwinding of discount on deferred consideration	-	(2)
Interest payable on loans from other Group companies	4,397	1,671
Other interest	-	809
Write down of loan to subsidiary	-	2,742
Pension scheme interest	541	592
	4,938	5,812

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Tax on profit on continuing activities

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

	2016 £ 000	2015 £ 000
Current taxation		
UK corporation tax charge/(credit) on profits made during the year	35	(431)
Adjustment in respect of previous years' reported tax charge	13	-
Total current tax charge/(credit) in the year	48	(431)
Deferred taxation		
Current year (credit)/charge	(38)	331
Effect of decreased tax rate on opening balance	14	56
Total deferred tax (credit)/charge in the year	(24)	387
Income tax charge/(credit) reported in the income statement	24	(44)

(b) The tax on profit before tax for the year is lower (2015: lower) than the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%).

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

	2016 £ 000	2015 £ 000
Profit before tax	14,477	2,776
Tax at the UK corporation tax rate of 20.00% (2015: 20.25%)	2,895	562
Non-taxable dividends receivable	(2,543)	(1,136)
Non-deductible impairment	-	(348)
Other non-deductible expenses and non-taxable income	(362)	857
Current year effect of deferred tax rate change	7	(35)
Impact of decreased tax rate on opening deferred tax balance	14	56
Adjustment to prior-year corporation tax charge/(credit)	13	-
Tax charge/(credit) reported in the income statement	24	(44)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Tax on profit on continuing activities (continued)

(c) Other factor affecting the tax charge for the year

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

In the current year a deferred tax charge of £2,887k (2015: charge of £326k) has been recognised in equity. This is in respect of pension movements.

A current tax credit of £910k (2015: credit of £290k) has also been recognised in equity in respect of pension movements.

Changes to the main rate of corporation tax were announced in Finance (No. 2) Act 2015. These comprised a reduction in the main rate of corporation tax for the financial year beginning 1 April 2017 from 20% to 19% and a further reduction for the financial year beginning 1 April 2020 from 19% to 18%.

Finance Act 2016 announced a reduction in the main rate of corporation tax for the financial year beginning 1 April 2020 from 18% to 17%.

The closing deferred tax balance at 31 December 2016 has been calculated at 17.4% (31 December 2015: 18.3%). This is the average tax rate at which the reversal of the net deferred tax liability is expected to occur.

10 Impairment

	2016 £ 000	2015 £ 000
Impairment of investment in subsidiary undertakings (note 13)	-	(3,386)
Reversal of impairment in Barking Power Limited (note 14)	-	5,103
	-	1,717

In July 2014, Barking Power Limited announced its intention to close due to the adverse market conditions for gas fired power generation and a prolonged period during which the station has been operating at low load factors. This led the Company to perform an impairment test on the carrying value of its investment in Barking Power Limited which resulted in an impairment of £5,103k. During 2015, the majority shareholder of Barking Power Limited negotiated to buy the shares belonging to the third shareholder, which triggered the right for the Company to also sell its shares on the same basis. This valued the EDF Energy stake at £10,800k and therefore the impairment loss recognised previously has been reversed. The Company sold its shares in Barking Power limited to ATCO Power Generation Limited on 9 March 2016.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Financial assets

	2016 £ 000	2015 £ 000
Non-current financial assets		
Loans to joint ventures	116,780	114,770
Other investments	16	16
Loans to other Group companies	-	11,618
	116,796	126,404

Loans to joint ventures are unsecured and repayable on demand. Interest is charged at overnight LIBOR + 1.8%.

Breakdown of Loans to other Group companies:

	2016 £ 000	2015 £ 000
Loans to other Group companies	-	55,706
Provisions on loans	-	(55,706)
Reversal of provisions on loans	-	11,618
	-	11,618

Loans to other Group companies were cash settled in the year.

The other investment relates to a 1.59% investment in South East London Combined Heat and Power Ltd which is a municipal waste incinerator, operating and registered in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Investment in subsidiary undertakings

	£ 000
Cost	
At 1 January 2015	3,320
Revaluation	66
At 31 December 2015 and 1 January 2016	3,386
Disposals during the year	-
At 31 December 2016	3,386
Provision	
At 1 January 2015	-
Provision	(3,386)
At 31 December 2015 and 31 December 2016	(3,386)
Carrying amount	
At 31 December 2016	-
At 31 December 2015	-

Details of the subsidiaries based in the United Kingdom unless otherwise stated as at 31 December 2016 are as follows:

Name of subsidiary	Principal activity	Proportion of ownership interest and voting rights held 2016	2015
EDF Energy (Cottam Power) Limited	Provision and supply of electricity generation	100%	100%
EDF Energy (London Heat & Power) Limited	Generation and supply of electricity and heat	100%	100%
EDF Energy (West Burton Power) Limited	Power generation	100%	100%
EDF Energy (Northern Offshore Wind) Limited	Renewable energy generation	100%	100%
Jade Power Generation Limited	Dormant company	100%	100%
Norfolk Offshore Wind Limited	Dormant company	100%	100%
West Burton Limited	Dormant company	100%	100%
West Burton Property Limited	Dormant company	100%	100%
The Barkantine Heat and Power Company Limited	Generation and supply of heat and electricity	0%	100%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Investment in subsidiary undertakings (continued)

The registered address of the subsidiary undertakings listed above is 40 Grosvenor Place, Victoria, London, England, SW1X 7EN.

Following year end, EDF Energy (Northern Offshore Wind) Limited was placed in voluntary liquidation and subsequently dissolved.

At the date of signing these accounts, there are currently active applications for strike off for Jade Power Generation Limited, EDF Energy (London Heat and Power) Limited and Norfolk Offshore Wind Limited.

The Barkantine Heat and Power Company Limited was sold to another Group company in the year. Refer to note 4 for further details.

13 Investment in joint ventures

Joint operations

	£ 000
Cost or valuation	
At 1 January 2015	144,789
Revaluation	(66)
Additions	1,500
At 31 December 2015 and 1 January 2016	146,223
Disposals	-
Additions	13,095
At 31 December 2016	159,318
Carrying amount	
At 31 December 2016	159,318
At 31 December 2015	146,223

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Investment in joint ventures (continued)

Details of the joint ventures as at 31 December 2016 are as follows:

Name of joint venture	Principal activity	Proportion of ownership interest and voting rights held 2016	2015
EDF Energy Renewables Holdings Limited	Investment Holding Company	50%	50%
Braemore Wood Windfarm Limited*	Construction of renewable generation	50%	50%
Royal Oak Windfarm Limited*	Construction of renewable generation	50%	50%
Bicker Fen Windfarm Limited*	Operation of renewable generation	50%	50%
Burnfoot Windfarm Limited*	Operation of renewable generation	50%	50%
Fairfield Windfarm Limited*	Operation of renewable generation	50%	50%
Boundary Lane Windfarm Limited*	Operation of renewable generation	50%	50%
Walkway Windfarm Limited*	Operation of renewable generation	50%	50%
Teesside Windfarm Limited*	Operation of renewable generation	50%	50%
Longpark Windfarm Limited*	Operation of renewable generation	50%	50%
Roade Windfarm Limited*	Operation of renewable generation	50%	50%
Burnhead Moss Wind Farm Limited*	Operation of renewable generation	50%	50%
EDF Energy Renewables Limited*	Development of renewable generation	50%	50%
Barmoor Wind Power Limited*	Operation of renewable generation	50%	50%
Blyth Offshore Demonstrator Limited*	Construction of renewable generation	0%	50%
Fenland Windfarms Limited*	Operation of renewable generation	50%	50%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Investment in joint ventures (continued)

Cemmaes Windfarm Limited*	Operation of renewable generation	50%	50%
Llangwyryfon Windfarms Limited*	Operation of renewable generation	50%	50%
Great Orton Windfarm II Limited*	Operation of renewable generation	50%	50%
Cold Northcott Windfarm Limited*	Operation of renewable generation	50%	50%
First Windfarm Holdings Limited*	Operation of renewable generation	50%	50%
High Hedley Hope Wind Limited*	Operation of renewable generation	50%	50%
Red Tile Wind Limited*	Holding Company	50%	50%
Corriemollie Windfarm Limited*	Construction of renewable generation	50%	50%
Park Spring Wind Farm Limited*	Operation of renewable generation	50%	50%
Pearie Law Windfarm Limited*	Construction of renewable generation	50%	50%
Cumbria Wind Farms Limited*	Holding Company	50%	50%
Beck Burn Windfarm Limited*	Construction of renewable generation	50%	50%
Dorenell Windfarm Limited*	Construction of renewable generation	50%	50%
EDF EN Services UK Limited	Provision of O&M services	50%	50%
Fallago Rig II Windfarm Limited	Construction of renewable generation	50%	0%
EDF Energy Round 3 Isle of Wight Limited *	Holding company	51%	51%
Kirkheaton Wind Limited	Operation of renewable generation	37.5%	37.5%

*indirectly held

Unless stated otherwise, the registered address of the subsidiary undertakings above is 40 Grosvenor Place, Victoria, London, England, SW1X 7EN

The Company has an investment in EDF Energy Round 3 Isle of Wight Limited which is the holding company for the Navitus Bay windfarm project. On 11 September 2015, the Department for Energy and Climate Change announced that it refused development consent for the Navitus Bay windfarm. This resulted in an impairment of the investment by £3,386k to a zero carrying value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Investment in associates

Associates

	£ 000
Cost or valuation	
At 1 January 2015	10,103
At 31 December 2015	10,103
At 1 January 2016	10,103
Disposals	(10,103)
At 31 December 2016	-
Provision	
At 1 January 2015	5,103
Reversal of impairment	(5,103)
At 31 December 2015	-
Carrying amount	
At 31 December 2016	-
At 31 December 2015	10,103

Details of the associates based in the United Kingdom as at 31 December 2016 are as follows:

Name of associate	Principal activity	Proportion of ownership interest and voting rights held 2016	2015
Navitus Bay Development Limited (1)	Construction of renewable generation	25.5%	25.5%
Stornoway Wind Farm Limited (2)	Construction of renewable generation	25%	25%
Fallago Rig Windfarm Limited (2)	Operation of renewable generation	10%	10%
Green Rigg Windfarm Limited	Operation of renewable generation	10%	10%
Rusholme Windfarm Limited	Operation of renewable generation	10%	10%
Glass Moor II Windfarm Limited	Operation of renewable generation	10%	10%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Investment in associates (continued)

Wind Prospect Developments 2 Limited (3)	Development of renewable generation	25%	25%
Barking Power Limited	Former operation of power generation	0%	18.6%

(1) Registered Address: The Exchange, 5 Bank Street, Bury, Lancashire, England, BL9 0DN
(2) Registered Address: EDF Energy, Gso Business Park, East Kilbride, Scotland, G74 5PG
(3) Registered Address: 25 Shirleys, Ditchling, Hassocks, England, BN6 8UD

Unless stated otherwise, the registered address of the subsidiary undertakings above is Squire Patton Boggs (UK) Llp (Ref:Csu) Rutland House, 148 Edmund Street, Birmingham, West Midlands, B3 2JR

15 Trade and other receivables

	2016 £ 000	2015 £ 000
Amounts owed by Group undertakings	6,735	-
Other debtors	3,095	118
	9,830	118

The Group operates a cash concentration arrangement which physically offsets cash balances and overdrafts between subsidiary companies, including EDF Energy (Energy Branch) Limited. In 2016, the Company had cash which covered overdrafts in other Group companies of £6,684k (2015: overdraft of £19,133k). This amount, therefore, has been presented as an amount owed by other Group companies to reflect the nature of this agreement.

Amounts owed by other Group companies are interest free, unsecured and repayable on demand.

16 Other liabilities

	2016 £ 000	2015 £ 000
Accruals	877	3,382
Amounts owed to other Group companies	12,263	27,445
Amounts owed to joint ventures	-	1,000
Borrowings due to other Group companies	222,928	210,293
	236,068	242,119

Interest of overnight LIBOR + 0.125% (2015: LIBOR + 0.125%) is charged on amounts owed to other Group companies. Interest of overnight LIBOR + 1.8% (2015: LIBOR + 1.8%) is charged on borrowings due to other Group companies. Balances are unsecured and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 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:

	Retirement benefit obligations
	£'000
At 1 January 2015	3,204
Charge to income	
o current year	(331)
o effect of decreased tax rate on opening liability	(56)
Charge to equity	
o current year	(110)
o effect of decreased tax rate on opening liability	(216)
At 1 January 2016	**2,491**
Credit/(charge) to income	
o current year	38
o Effect of decreased tax rate on opening liability	(14)
Charge to equity	
o current year	(2,778)
o Effect of decreased tax rate on opening liability	(109)
At 31 December 2016	**(372)**

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:

	2016	2015
	£m	£m
Deferred tax assets	-	2,491
Deferred tax liabilities	(372)	-
At 31 December	(372)	2,491

18 Pension and other schemes

Defined benefit pension schemes

The Company participates in two defined benefit pension schemes for qualifying employees - the EDF Energy Pension Scheme ("EEPS") and the EDF Energy Generation & Supply Group of the Electricity Supply Pension Scheme ("EEGSG"). These schemes are administered by separate boards of trustees which are legally separate from the Group.

The Group operates a policy of allocating the pension deficit for EEPS and EEGSG among the wholly owned employing companies within the Group. The allocation of the deficit is performed through identifying an individual's share of their overall deficit for each scheme. Assets and liabilities are apportioned to legal entities based on their employee's share. For individuals who are no longer employed by the company, their deficit remains with their last employing company. Payroll contributions are attributed to the company which bears the cost of those employees, regardless of whether or not they are employing companies. Pension interest payable and receivable, actuarial gains and losses and benefits paid are all allocated to employing companies, based on that company's share of the assets and liabilities at the start of the year. A full review of the allocation is performed every three years based on updated triennial valuations.

Further details of the Group defined benefit schemes are included in the consolidated financial statements of the Group which are available as disclosed in note 21.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	EEPS 2016 £ 000	EEGSG 2016 £ 000	Total 2016 £ 000	Total 2015 £ 000
Fair value of scheme assets	15,627	191,090	206,717	163,245
Present value of scheme liabilities	(20,475)	(184,104)	(204,579)	(176,858)
Defined benefit pension scheme (deficit)/surplus	(4,848)	6,986	2,138	(13,613)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Pension and other schemes (continued)

Changes in the fair value of scheme assets are as follows:

	EEPS 2016 £ 000	EEGSG 2016 £ 000	Total 2016 £ 000	Total 2015 £ 000
Fair value at start of year	13,781	149,464	163,245	161,197
Return on plan assets, excluding amounts included in interest income/(expense)	611	5,861	6,472	5,762
Actuarial gains and losses arising from changes in demographic assumptions	1,857	33,217	35,074	(4,342)
Employer contributions	2,840	3,767	6,607	7,958
Deficit repair payments	515	4,035	4,550	1,432
Benefits paid	(4,380)	(5,254)	(9,634)	(8,762)
Members Contributions	403	-	403	-
Fair value at end of year	15,627	191,090	206,717	163,245

Changes in the present value of scheme liabilities are as follows:

	EEPS 2016 £ 000	EEGS 2016 £ 000	Total 2016 £ 000	Total 2015 £ 000
Present value at start of year	15,764	161,094	176,858	177,217
Current service cost	2,917	4,309	7,226	7,456
Actuarial gains and losses arising from changes in demographic assumptions	5,981	17,675	23,656	(7,809)
Actuarial gains and losses arising from experience adjustments	-	-	-	4,300
Interest cost	734	6,280	7,014	6,355
Benefits paid	(4,380)	(5,254)	(9,634)	(8,762)
Liabilities extinguished on settlements	(944)	-	(944)	(1,899)
Members Contributions	403	-	403	-
Present value at end of year	20,475	184,104	204,579	176,858

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Pension and other schemes (continued)

Amounts recognised in the income statement

	2016 £ 000	Restated 2015 £ 000
Amounts recognised in operating profit		
Current service cost	(7,226)	(7,456)
Losses/(gains) on curtailments and settlements	944	1,899
Recognised in arriving at operating profit	(6,282)	(5,557)
Amounts recognised in finance income or costs		
Interest (income)/cost	(542)	(593)
Total recognised in the income statement	(6,824)	(6,150)

19 Share capital

Allotted, called up and fully paid shares

	No. 000	2016 £ 000	No. 000	2015 £ 000
Ordinary shares of £1 each	3,000	3,000	3,000	3,000

The Company has one class of ordinary shares which carries no right to fixed income.

Capital redemption reserve
The capital redemption reserve arose between 2007 and 2010 and relates to share based payments to employees. EDF Energy (Energy Branch) Limited's ultimate parent company, EDF S.A., is partially listed on Euronext, the French Stock Exchange. Company contributions to the scheme were charged to the Income Statement in the period they arose, at fair value. A corresponding amount was recognised as a capital contribution from EDF within equity. Any repayment required to EDF was measured at market value at the end of the respective period and recorded as a liability and reduced capital contribution.

20 Related party transactions

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 Parent undertaking and controlling party

EDF Energy plc 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 40 Grosvenor Place, Victoria, London, SW1X 7EN.

At 31 December 2016, Électricité de France SA, a company incorporated in France, is regarded by the Directors as the Company's ultimate parent company and controlling party. This is the largest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from the registered office at Électricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.