

EDF ENERGY R&D UK CENTRE LIMITED

REGISTERED NUMBER: 02948613

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

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**EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019**

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Directors	Paul Spence Jean-Benoit Ritz Jacques Sacreste Andrew Goddard Alain Le Gac Carmen Munoz-Dormoy
Auditor	Deloitte LLP Hill House 1 Little New Street London United Kingdom EC4A 3HQ
Registered office	90 Whitfield Street London England W1T 4EZ

EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

STRATEGIC REPORT

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

Principal activity

The principal activity of the Company is the provision of research and development services to companies within the EDF Energy Holdings Limited Group (the "Group"), to Électricité De France SA ("EDF SA") and to third parties. It will continue these activities for the foreseeable future.

Review of the business

The profit for the year before taxation amounted to £307.5k (2018: £545.9k), the profit after taxation amounted to £260.9k (2018: £453.8k) and net assets were £1,907.7k (2018: £1,677.4k).

EDF Energy R&D UK Centre Limited (the "Company") is a wholly-owned subsidiary of EDF Energy Holdings Limited which manages its operations on a group 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 Group, 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. The Group's Annual Report are available to the public as set out in note 15

Principal risks and uncertainties

The main risks faced by the Company are set out below:

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 due to the significant net current asset position.

Credit risk

The Company's credit risk is primarily attributable to its debtors. Credit risk is mitigated by the nature of the debtor balances owed, with these due from other Group companies who are able to repay these if required.

Foreign Currency risk

The Company's exposure to foreign currency risk mainly relates to the currency exposure on the R&D service income and cost. The timing of R&D annual receipts and payments are profiled to be in line and therefore this mitigates the Company's exposure to any significant currency risk.

The Company is not exposed to any significant interest rate risk.

EU Referendum

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

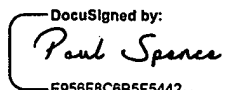
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STRATEGIC REPORT (CONTINUED)

Going concern

After making enquiries and reviewing cash flow forecasts and available facilities for at least the next twelve months (including subsequent events and the impact of COVID-19 (note 16)), the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board and signed on its behalf by:

DocuSigned by:

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Paul Spence
Director

30 July 2020

**EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
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DIRECTORS' REPORT

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

Principal risks, uncertainties, going concern and a review of the business including its research and development activities are contained within the Strategic report.

Directors

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

Paul Spence

Jean-Benoit Ritz

Jacques Sacreste

Andrew Goddard

Jean-Philippe Laurent (resigned 1 July 2020)

Alain Le Gac (appointed 31 March 2019)

Michel Maschi (resigned 31 March 2019)

The following director was appointed after the year end:

Carmen Munoz-Dormoy (appointed 1 July 2020)

None of the Directors had a service contract with the Company in the current or prior year. They are all employed by associated companies within the 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 15.

No Director (2018: 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.

Dividends

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

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.

Post balance sheet events

Subsequent events, including the impact of Covid-19, are disclosed in note 16 of the financial statements.

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.

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DIRECTORS' REPORT (CONTINUED)

Disclosure of information to the auditor

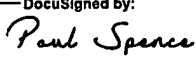
Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of 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 was noted that Deloitte LLP as appointed by the members are deemed to be re-appointed as the auditors to the Company for the financial year ending 31 December 2020 in accordance with the provisions of Section 487(2) of the Companies Act 2006 and that the Directors have been authorised to fix the remuneration of the auditors.

Approved by the Board and signed on its behalf by:

DocuSigned by:

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Paul Spence
Director

30 July 2020

**EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
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DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF ENERGY R&D UK CENTRE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of EDF Energy R&D UK Centre Limited (the 'Company'):

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

We have audited the financial statements which comprise:

- the Income Statement
- the Balance Sheet
- the Statement of Changes in Equity; and
- the related notes 1 to 16.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF ENERGY R&D UK CENTRE LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF ENERGY R&D UK CENTRE LIMITED (CONTINUED)

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and 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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

Nigel Thomas

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

London, United Kingdom

30 July 2020

EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
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INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £ 000	2018 £ 000
Revenue	4	7,632.3	7,705.8
Materials and contracting costs		(3.4)	(4.1)
Personnel expenses	5	(2,001.6)	(2,239.8)
Other operating expenses		<u>(5,281.7)</u>	<u>(5,197.6)</u>
Operating profit		<u>345.6</u>	<u>264.3</u>
Investment income	7	-	281.6
Finance costs	8	<u>(38.1)</u>	<u>-</u>
Profit before taxation	9	<u>307.5</u>	<u>545.9</u>
Taxation	10	<u>(71.3)</u>	<u>(92.1)</u>
Profit for the financial year		<u><u>236.2</u></u>	<u><u>453.8</u></u>

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

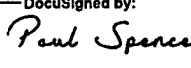
The above results were derived from continuing operations in both the current and preceding year.

EDF ENERGY R&D UK CENTRE LIMITED
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BALANCE SHEET
AT 31 DECEMBER 2019

	Note	2019 £ 000	2018 £ 000
Current assets			
Trade and other receivables	11	930.8	638.7
Cash and cash equivalents		1,602.4	669.3
Current tax asset		<u>1,258.6</u>	<u>946.1</u>
Total assets		<u>3,791.8</u>	<u>2,254.1</u>
Current liabilities			
Other liabilities	12	<u>(1,878.2)</u>	<u>(576.7)</u>
Total liabilities		<u>(1,878.2)</u>	<u>(576.7)</u>
Net assets		<u>1,913.6</u>	<u>1,677.4</u>
Capital and reserves			
Share Capital		-	-
Retained earnings		<u>1,913.6</u>	<u>1,677.4</u>
Shareholders' funds		<u>1,913.6</u>	<u>1,677.4</u>

The financial statements of EDF Energy R&D UK Centre Limited (registered number 02948613) on pages 9 to 21 were approved by the Board and authorised for issue and signed on its behalf by:

DocuSigned by:

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Paul Spence

Director

30 July 2020

EDF ENERGY R&D UK CENTRE LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £ 000	Retained Earnings £ 000	Total £ 000
At 1 January 2018	-	1,223.6	1,223.6
Profit for the year	-	453.8	453.8
At 31 December 2018	-	1,677.4	1,677.4
Profit for the year	-	236.2	236.2
At 31 December 2019	-	1,913.6	1,913.6

EDF ENERGY R&D UK CENTRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

1 General information

EDF Energy R&D UK Centre Limited is a private company limited by shares. It 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 2.

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.

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 the period 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;

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

- 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 15.

Going concern

After making enquiries and reviewing cash flow forecasts and available facilities for at least the next twelve months (including subsequent events and the impact of COVID-19 (note 16)), the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the Company and is recognized at a point in time when the R&D services have been provided.

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date and all differences are recognized in the income statement.

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.

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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.

R&D tax credits

R&D tax credits are recognised by the company in the income statement in respect of relevant expenditure. The credits are recognised in the same period as the expenditure is incurred.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Research and development

Expenditure on research is written off to the income statement in the period in which it is incurred. Development expenditure, is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects.

EDF ENERGY R&D UK CENTRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of 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.

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 or 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 the income statement.

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.

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.

EDF ENERGY R&D UK CENTRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors 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.

There are no critical judgements or estimations 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

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

	2019	2018
	£ 000	£ 000
Provision of services	<u>7,632.3</u>	<u>7,705.8</u>

Revenue, which is stated net of value added tax, arises entirely in the United Kingdom and is mostly attributable to the activity of supplying R&D services to the Group and to EDF SA. Revenue also includes the provision of R&D services to third parties. Turnover represents the value of R&D services provided under contracts to the extent that there is a right to consideration and it is recorded at the value of the consideration due.

5 Personnel expenses

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

	2019	2018
	£ 000	£ 000
Wages and salaries	1,428.8	1,655.3
Social security costs	194.1	191.5
Other Pension costs	<u>378.7</u>	<u>393.0</u>
	<u>2,001.6</u>	<u>2,239.8</u>

The Company had no employees in 2019 (2018: None).

The staff costs relate to amounts recharged for provision of services by staff employed by EDF SA and its subsidiaries.

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ANNUAL REPORT AND FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 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 15.

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

7 Investment income

	2019 £ 000	2018 £ 000
Foreign exchange gains	-	281.6

8 Finance Costs

	2019 £ 000	2018 £ 000
Foreign exchange losses	38.1	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Profit for the year

Profit for the year has been arrived at after charging/(crediting) the following gains and losses:

	2019	2018
	£ 000	£ 000
R&D tax credits	(383.8)	(287.5)
Research costs	4,780.7	4,258.9
Foreign exchange losses / (gains)	<u>38.1</u>	<u>(281.6)</u>

In 2019 an amount of £9,687 (2018: £14,164) was paid to Deloitte LLP for audit services. This charge was borne by another Group company in both the current and prior year. In 2019, the amount payable to Deloitte LLP by the Company in respect of other assurance services was £nil (2018: £nil).

10 Tax on profit on continuing activities

(a) Tax charged in the income statement

	2019	2018
	£ 000	£ 000
Current taxation		
UK corporation tax	55.3	99.6
Increase (decrease) in current tax from adjustment for prior periods	<u>16.0</u>	<u>(7.5)</u>
Total current tax charge for the year	<u>71.3</u>	<u>92.1</u>
Income tax charge reported in the income statement	<u>71.3</u>	<u>92.1</u>

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

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

	2019	2018
	£ 000	£ 000
Profit before taxation	<u>307.5</u>	<u>545.9</u>
Tax at the UK corporation tax rate of 19.00% (2018: 19.00%)	58.4	103.7
Effect of:		
Non-deductible expenses and non-taxable income	(3.1)	(4.1)
Adjustment to prior-year corporation tax charge/(credit)	<u>16.0</u>	<u>(7.5)</u>
Income tax charge reported in the income statement	<u>71.3</u>	<u>92.1</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Trade and other receivables

	2019	2018
	£ 000	£ 000
Trade receivables	427.2	110.4
Amounts owed by other Group companies	503.6	528.3
	<u>930.8</u>	<u>638.7</u>

Trade receivables include £192k (2018: £62k) owed by EDF S.A. Group companies.

Amounts owed by other Group companies are unsecured, interest free and repayable on demand. The amounts approximate fair value.

12 Other liabilities

	2019	2018
	£ 000	£ 000
Trade payables	1,451.3	100.7
Amounts due to other Group companies	214.6	303.9
Other payables	212.3	172.1
	<u>1,878.2</u>	<u>576.7</u>

Trade payables include £485k (2018: £nil) owed to EDF S.A Group companies.

Amounts payable to other Group companies are unsecured, interest free and repayable on demand.

The above amounts approximate fair value.

13 Share capital

Allotted, called up and fully paid shares

	No. 000	2019	No. 000	2018
		£ 000		£ 000
Ordinary shares of of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 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.

Key management personnel for the Company are the Directors of the Company. Please refer to note 6 for details of their remuneration. There are no other transactions with key management personnel during the year (2018: none).

Amounts outstanding with other related parties at 31 December are as follows:

Amounts owed by related parties

	Other related parties	Ultimate parent company
	£ 000	£ 000
Trade and other receivables - 2019	504.0	192.0

	Other related parties	Ultimate parent company
	£ 000	£ 000
Trade and other receivables - 2018	528.0	62.0

Amounts owed to related parties

	Other related parties	Ultimate parent company
	£ 000	£ 000
Amounts owed to other Group companies - 2019	215.0	485.0

	Other related parties	Ultimate parent company
	£ 000	£ 000
Amounts owed to other Group companies - 2018	304.0	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Parent undertaking and controlling party

EDF Energy Holdings 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 address at 90 Whitfield Street, London, W1T 4EZ.

At 31 December 2019, 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 address at Électricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.

16 Post balance sheet events

Covid 19

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

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

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

There has been no impact of covid on the company's financial statement.