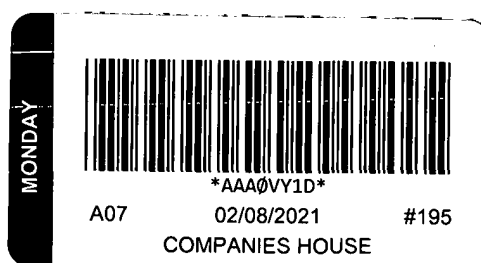


EDF ENERGY R&D UK CENTRE LIMITED

REGISTERED NUMBER: 02948613

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020



**EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020**

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Directors	Paul Spence
	Jacques Sacreste
	Alain Le Gac
	Carmen Munoz-Dormoy
	Richard Bradfield
	Richard Tudor Hughes
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 2020

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2020.

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 £319k (2019: £308k), the profit after taxation amounted to £260k (2019: £236k) and net assets were £2,174k (2019: £1,908k).

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 16.

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.

EU Referendum

The United Kingdom (UK) voted to leave the membership of the European Union (EU) on 23 June 2016 and officially left the EU on 31 January 2020. Thereafter the UK entered a transition period that ended on 31 December 2020. During the transition period for most EU and UK businesses including EDF Energy, transactions were mostly unchanged particularly with respect to trade, access to labour & services and the business rules & regulations that govern business operations. During the transition period, the UK and EU negotiated a Trade and Cooperation Agreement (TCA) that was agreed on 24 December 2020 which set out the basis for the future UK-EU relationship from 1st January 2021. The impact of brexit is immaterial on the Company.

**EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020**

STRATEGIC REPORT (CONTINUED)

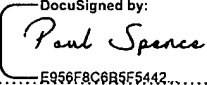
Covid-19

The Company continues to monitor the impact of Covid-19 on its business to ensure appropriate actions can be taken to mitigate risk to the Company. While the uncertainty continues, the Covid-19 pandemic has not had a material impact on the financial statements or the financial results of the Company.

Going concern

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

Approved by the Board and signed on its behalf by:

DocuSigned by:

.....E956F8C6B95F5442.....
Paul Spence
Director

9 July 2021

**EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020**

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2020.

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

Jacques Sacreste

Alain Le Gac

Carmen Munoz-Dormoy (appointed 1 July 2020)

Richard Bradfield (appointed 24 November 2020)

Richard Tudor Hughes (appointed 24 November 2020)

Jean-Philippe Laurent (resigned 1 July 2020)

Jean-Benoit Ritz (resigned 7 September 2020)

Andrew Goddard (resigned 24 November 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 16.

No Director (2019: 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 (2019: £nil).

Political contributions

The Company made no political contributions 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 are disclosed in note 17 of the financial statements.

**EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020**

DIRECTORS' REPORT (CONTINUED)

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

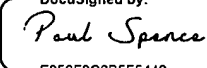
Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of 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 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 2021 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:

.....E95B8CBA5F5442.....
Paul Spence
Director

9 July 2021

EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

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.

**EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020**

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 2020 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 of EDF Energy R&D UK Centre Limited (the 'Company') which comprise:

- the Income Statement
- the Balance Sheet
- the Statement of Changes in Equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in the preparation of the company financial statements 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 parent 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.

**EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020**

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of Directors

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

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

**EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020**

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

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

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

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

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

**EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020**

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

**EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020**

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



.....
Anthony Matthews (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

London, United Kingdom

9 July 2021

EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £ 000	2019 £ 000
Revenue	4	7,357	7,632
Materials and contracting costs		(7)	(3)
Personnel expenses	5	(2,347)	(2,002)
Other operating expenses		<u>(4,720)</u>	<u>(5,282)</u>
Operating profit		<u>283</u>	<u>346</u>
Investment income	7	36	-
Finance costs	8	<u>-</u>	<u>(38)</u>
Profit before taxation		<u>319</u>	<u>308</u>
Taxation	10	<u>(59)</u>	<u>(71)</u>
Profit for the financial year		<u><u>260</u></u>	<u><u>236</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.

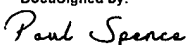
The above results were derived from continuing operations in both the current and preceding year.

EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

BALANCE SHEET
AT 31 DECEMBER 2020

	Note	2020 £ 000	2019 £ 000
Current assets			
Trade and other receivables	11	1,905	931
Cash and cash equivalents	12	2,717	1,602
Current tax asset		1,460	1,259
Total assets		<u>6,082</u>	<u>3,792</u>
Current liabilities			
Other liabilities	13	(3,908)	(1,878)
Total liabilities		<u>(3,908)</u>	<u>(1,878)</u>
Net assets		<u>2,174</u>	<u>1,914</u>
Capital and reserves			
Share Capital	14	-	-
Retained earnings		<u>2,174</u>	<u>1,914</u>
Shareholders' funds		<u>2,174</u>	<u>1,914</u>

The financial statements of EDF Energy R&D UK Centre Limited (registered number: 02948613) on pages 11 to 26 were approved by the Board, authorised for issue and signed on its behalf by:

DocuSigned by:

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Paul Spence
Director

9 July 2021

EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £ 000	Retained Earnings £ 000	Total £ 000
At 1 January 2019	-	1,677	1,677
Profit for the year	-	236	236
At 31 December 2019	-	1,914	1,914
Profit for the year	-	260	260
At 31 December 2020	-	2,174	2,174

EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

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 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;

EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Where relevant equivalent disclosures have been given in the group accounts which are available to the public as set out in note 16.

Going concern

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

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.

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.

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.

EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

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.

Taxation

Current tax

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax

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

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

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

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

Current tax and deferred tax for the year

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

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.

**EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instruments.

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

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

EDF ENERGY R&D UK CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Financial assets

The Company's financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

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

Financial assets measured at amortised cost

Financial assets are classified as measured at amortised cost if both the following conditions are met:

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

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

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

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

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

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

Recognition of expected credit losses

The Company recognises a loss allowance for expected credit losses (ECLs) on a financial asset that is measured at amortised cost. The Company applies IFRS 9's simplified approach to measure expected credit losses on trade receivables, using provision matrices established on the basis of credit loss histories. The expected credit losses are assessed considering all reasonable and supportable information, including that which is forward-looking.

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Financial Liabilities and equity

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

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

Gains or losses on financial liabilities held through profit and loss are recognised in the statement of profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

De-recognition of financial assets

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

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.

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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:

	2020	2019
	£ 000	£ 000
Provision of services	<u>7,357</u>	<u>7,632</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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Personnel expenses

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

	2020	2019
	£ 000	£ 000
Wages and salaries	1,621	1,429
Social security costs	220	194
Other Pension costs	506	379
	<u>2,347</u>	<u>2,002</u>

The Company had no employees in 2020 (2019: None).

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

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 16.

No Director (2019: 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

	2020	2019
	£ 000	£ 000
Foreign exchange gains	<u>36</u>	<u>-</u>

8 Finance Costs

	2020	2019
	£ 000	£ 000
Foreign exchange losses	<u>-</u>	<u>38</u>

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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:

	2020	2019
	£ 000	£ 000
R&D tax credits	(260)	(384)
Research costs	3,996	4,781
Foreign exchange losses / (gains)	<u>(36)</u>	<u>38</u>

In 2020 an amount of £10,500 (2019: £9,687) was paid to Deloitte LLP for audit services. This charge was borne by another Group company in both the current and prior year. In 2020, the amount payable to Deloitte LLP by the Company in respect of non-audit services was £nil (2019: £nil).

10 Tax on profit on continuing activities

(a) Tax charged in the income statement

	2020	2019
	£ 000	£ 000
Current taxation		
UK corporation tax	59	55
Increase in current tax from adjustment for prior periods	<u>-</u>	<u>16</u>
Total current tax charge for the year	<u>59</u>	<u>71</u>
Income tax charge reported in the income statement	<u>59</u>	<u>71</u>

(b) The tax on profit before tax for the year is lower than (2019: higher) than the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%).

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

	2020	2019
	£ 000	£ 000
Profit before taxation	<u>319</u>	<u>308</u>
Tax at the UK corporation tax rate of 19.00% (2019: 19.00%)	61	58
Effect of:		
Non-deductible expenses and non-taxable income	(2)	(3)
Adjustment to prior-year corporation tax charge/(credit)	<u>-</u>	<u>16</u>
Income tax charge reported in the income statement	<u>59</u>	<u>71</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Trade and other receivables

	2020	2019
	£ 000	£ 000
Trade receivables	392	427
Other debtors	1,146	-
Amounts owed by other Group companies	367	504
	<u>1,905</u>	<u>931</u>

Trade and other receivables include £1,144k (2019: £192k) owed by EDF S.A. Group companies, see note 15 for further details.

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

12 Cash and cash equivalents

	2020	2019
	£ 000	£ 000
Cash pooling with Group companies	<u>2,717</u>	<u>1,602</u>

The Company is included in a cash concentration arrangements which physically offsets cash balances and overdrafts with other participating Group companies. In the current year, an amount of £2,717k (2019: £1,602) is pooled with the other Group companies.

13 Other liabilities

	2020	2019
	£ 000	£ 000
Trade payables	577	736
Accruals	2,909	715
Amounts due to other Group companies	149	215
Other payables	273	212
	<u>3,908</u>	<u>1,878</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Other liabilities (continued)

Trade payables include £348k (2019: £485k) owed to EDF S.A Group companies, see note 15 for further details.

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

The above amounts approximate fair value.

14 Share capital

Allotted, called up and fully paid shares

	No.	2020 £	No.	2019 £
Ordinary shares 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.

15 Related party transactions

The Company has taken advantage of the exemption in FRS 101 Reduced Disclosure Framework from disclosing transactions with other wholly owned members of the group, which would 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 (2019: none).

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

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15 Related party transactions (continued)

Amounts owed by related parties

	Other related parties	Parent
	£ 000	£ 000
2020		
Financial Assets	-	2,717
Amounts owed by other Group companies	367	-
Transactions with other EDF S.A. Group companies	-	1,144

	Other related parties	Parent
	£ 000	£ 000
2019		
Financial Assets	-	1,602
Amounts owed by other Group companies	504	-
Transactions with other EDF S.A. Group companies	-	192

Amounts owed to related parties

	Other related parties	Parent
	£ 000	£ 000
2020		
Amounts due to other Group companies	149	-
Transactions with other EDF S.A. Group companies	-	348

	Other related parties	Parent
	£ 000	£ 000
2019		
Amounts due to other Group companies	215	-
Transactions with other EDF S.A. Group companies	-	485

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16 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 2020, 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.

17 Post balance sheet events

Change in deferred tax rate

In the March 2021 Budget it was announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%. The company is in the process of assessing the full impact of this announcement, but if the amended tax rate had been used, it is possible that the deferred tax liability would be materially higher.