EDF ENERGY NETWORKS (SPN) PLC

Registered Number 3043097

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2009

CONTENTS

Directors

Vincent de Rivaz
Thomas Kusterer
Laurent Ferrari

Company Secretary

Joe Souto

Auditors

Deloitte LLP
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London
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Victoria
London
SW1X 7EN

DIRECTORS' REPORT

The Directors present their annual report and financial statements for the year ended 31 December 2009

Principal activity and review of the business

The Company's principal activity during the year continued to be the distribution of electricity to domestic, commercial and industrial customers through network ownership, management, operation, maintenance and renewal It will continue in this activity for the foreseeable future

Business Review

The profit for the year, before taxation, amounted to £85 8m (2008 £82 0m) and after tax to £61 8m (2008 £57 4m) No dividend was paid in the year (2008 £nil)

The EDF Energy plc group ("the Group") 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 Networks Branch, which includes the Company, is discussed in the Group's Annual Report which does not form part of this Report

Future developments

The Directors aim to deliver the right balance of customer service and shareholder return through efficient investment in the Network within the boundaries of the price control allowances set by the regulator the Office of Gas and Electricity Markets ("Ofgem") New price control allowances for the next five years were agreed with Ofgem in December 2009 and will take effect from 1 April 2010 This is the result of the fifth electricity distribution price control review ("DPCR5") The Directors believe the Company will continue to operate as a profitable, sustainable business under the DPCR5 price control allowances

The future ownership of the Company is dependent on the current process by the EDF Energy Group, headed by Electricité de France SA, to evaluate ownership options for its electricity distribution business in the United Kingdom which includes this Company This is part of the group strategy to reduce debt in 2010

Directors

Directors who held office during the year and subsequently were as follows

Vincent de Rivaz	
Humphrey A E Cadoux-Hudson	(resigned on 1 April 2009)
Thomas Kusterer	(appointed on 1 April 2009)
Laurent Ferrari	

None of the Directors had a contract with the Company in the current or prior year They are all employed by the intermediate parent company, EDF Energy plc, and have contracts with that Company

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

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet the only financial risks the Directors consider relevant to this Company are credit risk, liquidity risk and interest rate risk

DIRECTORS' REPORT continued

Credit and liquidity risk

The Company's exposure to credit and liquidity risk is reduced as it is a 100% subsidiary of the EDF Energy Group of Companies The credit risk on liquid funds and financial instruments is limited because the counterparties are reputable banks and building societies The Company is able to raise finance in external financial markets supported by cash flows generated by the Regulatory Asset Value which determines the levels of allowed revenue that may be recovered The Directors of the Company believe the Company has sufficient resources to service its assets and liabilities for the foreseeable future

Interest rate risk

The Company's exposure to interest rate fluctuations on its borrowings and deposits is managed by using fixed rate debt instruments and index-linked rate debt instruments

Financial instruments

The Company holds or issues financial instruments for two main purposes

- to finance its operations, and
- to manage the interest rate and currency risks arising from its sources of finance

The Company finances its operation by a mixture of retained profits, bank borrowings, medium-term loans, long-term loans and commercial paper The Company has borrowings denominated in sterling at fixed or index linked rates of interest The main risk arising from the Company's financial instruments is interest rate risk The Company's policy for managing this risk is as above and is defined in statements authorised by the Board of Directors and reviewed on an annual basis Authority for managing risk consistent with this corporate policy may be delegated by the Board to, amongst others, the treasury department of the Company's intermediate parent company, EDF Energy plc

Going concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company will be able to operate within its facilities These facilities include £653 3m in long term bonds, access to a £200m Intra Group Revolving Credit Facility and access to Money Market Borrowings under the £1 billion Multi Issuer Commercial Paper Program The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future For this reason the Company continues to adopt the going concern basis in preparing its financial statements

Political and charitable contributions

The Company made no charitable or political contributions in either year

Disclosure of information to Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware, and
- the Director has taken all the 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 Auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

DIRECTORS' REPORT continued

Auditors

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board and signed on its behalf by -

L Ferrari
Director
18 March 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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) 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 the affairs of the Company and of the profit and 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 proper 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

The Directors confirm to the best of their knowledge that

- the financial statements, prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets and liabilities, financial position and profit of EDF Energy Networks (SPN) plc as at 31 December 2009, and
- the Directors' report includes a true and fair view of the development and performance of the business and the financial position of EDF Energy Networks (SPN) plc, together with a description of its principal risks and uncertainties

Signed on behalf of the Board of Directors of EDF Energy Networks (SPN) plc on 15 March 2010

L Ferrari
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDF ENERGY NETWORKS (SPN) PLC

We have audited the financial statements of EDF Energy Networks (SPN) plc for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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)

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 auditors' 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 Auditors
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 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 (APB'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

Opinion on 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 2009 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

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Makhan Chahal

Makhan Chahal (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK
18 March 2010

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £m	2008 £m
Turnover	2	**257.9**	234 8
Cost of sales		**(8.9)**	(8 0)
Gross profit		**249.0**	226 8
Distribution costs		**(126.8)**	(111 2)
Administrative expenses		**(2.7)**	(1 4)
Operating profit	3	**119.5**	114 2
Interest receivable and similar income	5	**0.1**	0 1
Interest payable and similar charges	6	**(33.8)**	(32 3)
Profit on ordinary activities before taxation		**85.8**	82 0
Tax on profit on ordinary activities	7	**(24.0)**	(24 6)
Profit for the financial year	16	**61.8**	57 4

All results are derived from continuing operations in both the current and preceding year

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £m	2008 £m
Profit for the financial year		**61.8**	57 4
Actuarial loss net of deferred tax on defined pension benefits	18	**(120.5)**	(21 0)
Total recognised (loss) / gain relating to the year		**(58.7)**	36 4

The deferred tax credit reflected in the actuarial loss net of deferred tax on defined benefit pensions amounted to £46 9m (2008 £8 1m)

**BALANCE SHEET
AT 31 DECEMBER 2009**

	Note	2009 £m	2008 £m
Fixed assets			
Tangible assets	8	**1,358.3**	1,219 7
Current assets			
Debtors	9	**35.7**	35 5
Investments unlisted money market investments		**15.5**	-
		51.2	35 5
Creditors: amounts falling due within one year	10	**(159 6)**	(370 2)
Net current liabilities		**(108 4)**	(334 7)
Total assets less current liabilities		**1,249.9**	885 0
Creditors: amounts falling due after more than one year	11	**(653.3)**	(357 1)
Provision for liabilities	14	**(181.8)**	(175 3)
Net assets excluding pension liability		**414.8**	352 6
Pension liability	18	**(180.4)**	(59 5)
Net assets		**234.4**	293 1
Capital and reserves			
Called up share capital	15	**0.1**	0 1
Profit and loss account	16	**234.3**	293 0
Shareholder's funds	16	**234.4**	293 1

The financial statements of EDF Energy Networks (SPN) plc, registered number 3043097 on pages 7 to 23 were approved by the Board of Directors on 18 March 2010
and were signed on its behalf by

L Ferrari
Director

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The principal accounting policies are set out below They have all been applied consistently throughout the year and the preceding year

Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards, except as noted below in respect of tangible fixed assets

The Company is exempt from preparing a cash flow statement under the terms of FRS 1 'Cash flow statements (revised 1996)' as it is a member of a group, headed by EDF Energy plc, whose consolidated accounts include a cash flow statement and are publicly available

The Company is exempt from the disclosures required by FRS 29 'Financial Instruments Disclosures' since the Company is a subsidiary of EDF Energy Plc which prepares consolidated accounts under IFRS that comply with requirements of IFRS 7 'Financial Instruments Disclosures' which is equivalent to FRS 29

Going Concern

The financial statements have been prepared on the going concern basis The grounds for adopting this basis are discussed in the Directors' report

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of acquisition of each asset evenly over its expected useful life, as follows

Overhead and underground lines	–	45 to 60 years
Other network plant and buildings	–	20 to 60 years
Fixtures and equipment	–	5 years
Vehicles	–	5 to 10 years

Assets in the course of construction for production are carried at cost, less any recognised impairment loss Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use

Customer contributions in respect of capital expenditure are credited to a fixed asset account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments The un-amortised amount of such contributions is shown as a deduction from fixed assets This is a departure from the Companies Act 2006 which requires fixed assets to be included at their purchase price or production cost and hence the contribution would be presented as deferred income However, contributions relate directly to the cost of fixed assets used in the distribution network and it is the opinion of the Directors that the treatment adopted is necessary to give a true and fair view The value of the contributions is shown in note 8

NOTES TO THE FINANCIAL STATEMENTS continued

1. Accounting policies continued

Finance costs

Finance costs of debt are recognised in the profit and loss account over the term of such instruments, at a constant rate on the carrying amount

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period

Taxation

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 or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the balance sheet date, with the following exceptions

- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets with no likely subsequent rollover or available capital losses,
- provision is made for gains on re-valued fixed assets only where there is a commitment to dispose of the re-valued assets and the attributable gain can neither be rolled over nor eliminated by capital losses, and
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted

Deferred tax is measured on an undiscounted basis

Investments

Current asset investments are stated at the lower of cost and net realisable value

Pensions

The Company has obligations under a funded defined benefit pension arrangement as part of the EDF Energy plc group, and the Company accounts for this scheme in accordance with FRS 17 'Retirement Benefits'

The amounts charged to the profit and loss account are the current service costs and gains and losses on settlements and curtailments They are included as part of staff costs Past service costs are recognised immediately in the profit and loss account if the benefits have vested If the benefits have not vested immediately the costs are recognised over the period until vesting occurs The interest cost and the expected return on the assets are shown as a net amount of other finance costs or credits adjacent to interest Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

NOTES TO THE FINANCIAL STATEMENTS continued

1 Accounting policies continued

Pensions continued

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the Group, in a separate trustee administered fund Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond or equivalent currency and term to the scheme liabilities The actuarial valuations are obtained at least triennially and are updated at each balance sheet date The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

2. Turnover

Turnover, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to continuing activities of electricity distribution and the invoice value of other goods and services provided This includes an estimate of the sales value of units supplied to customers between the date of the last meter reading and the year end

3 Operating profit

This is stated after charging	**2009 £m**	2008 £m
Depreciation of owned assets	**41 9**	38 7
Loss on disposal of tangible fixed assets	**0.5**	-

Amounts payable to Auditors	**2009 £000**	2008 £000
Fees payable to Company Auditors for the audit of the Company's annual accounts	**35.0**	35 0
Other services pursuant to legislation		
- Regulatory accounts	**20.0**	20 0
Total audit fees	**55.0**	55 0

The Company had no employees in 2009 (2008 None)

NOTES TO THE FINANCIAL STATEMENTS continued

4 Directors' emoluments

All Directors are employees of EDF Energy plc and did not receive any remuneration for services to the Company during the year or the preceding year

5. Interest receivable and similar income

	2009	2008
	£m	£m
Other interest receivable	**0.1**	-
Dividends received	-	0 1
	0.1	0 1

6. Interest payable and similar charges

	2009	2008
	£m	£m
Net interest cost on pension scheme	**8.9**	0 4
On loans from other Group companies	**0.3**	1 8
On money market borrowings	**4.2**	9 1
On loans repayable after five years	**20.4**	21 0
Total interest payable	**33.8**	32 3

NOTES TO THE FINANCIAL STATEMENTS continued

7. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

UK current tax	2009 £m	2008 £m
UK corporation tax charge on profit for the year	**20 4**	19 3
Adjustment in respect of prior year	**(3.6)**	(2 0)
Total current tax charge (note (b))	**16.8**	17 3

UK deferred tax	2009 £m	2008 £m
Origination and reversal of timing differences	**4 0**	4 3
Adjustment in respect of prior year	**3.2**	3 0
Total deferred tax charge for the year	**7.2**	7 3
Total tax charge on profit on ordinary activities	**24.0**	24 6

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK

The differences are explained below

	2009 £m	2008 £m
Profit on ordinary activities before tax	**85.8**	82 0
Tax on profit on ordinary activities at standard UK rate of corporation tax of 28 0% (2008 28 5%)	**24.0**	23 4
Effect of		
Adjustment in respect of prior year	**(3.6)**	(2 0)
Disallowed expenses and non-taxable income	**0.4**	0 2
Capital allowances in excess of depreciation	**(3 9)**	(1 8)
Movement in pension liability	**0.2**	(2 8)
Movement in other timing differences	**(0.3)**	0 3
Current tax charge for the year	**16.8**	17 3

NOTES TO THE FINANCIAL STATEMENTS continued

8. Tangible fixed assets

(a)

	Network	Non Network land & buildings	Fixtures and equipment	Vehicles	Customers' contributions	**Total**
	£m	£m	£m	£m	£m	**£m**
Cost						
At 1 January 2009	2,355 1	9 1	66 4	6 7	(608 0)	**1,829.3**
Additions	229 1	0 7	5 4	0 9	(54 6)	**181.5**
Disposals	(12 6)	(0 5)	-	-	-	**(13.1)**
At 31 December 2009	**2,571.6**	**9.3**	**71.8**	**7.6**	**(662 6)**	**1,997.7**
Depreciation						
At 1 January 2009	730 5	1 6	54 8	2 5	(179 8)	**609.6**
Charge for the year	49 5	0 2	5 4	1 1	(14 3)	**41.9**
Disposals	(12 1)	-	-	-	-	**(12 1)**
At 31 December 2009	**767.9**	**1.8**	**60.2**	**3.6**	**(194.1)**	**639.4**
Net book value						
At 31 December 2009	**1,803 7**	**7.5**	**11.6**	**4.0**	**(468.5)**	**1,358.3**
At 31 December 2008	1,624 6	7 5	11 6	4 2	(428 2)	1,219 7

Network assets include land at £9 9m (2008 £9 6m)

(b) The net book value of Non Network land and buildings comprised

	2009	2008
	£m	£m
Freehold land	**0.3**	0 3
Freehold buildings	**5.7**	5 7
Short leasehold	**1.5**	1 5
	7.5	7 5

(c) Included within Networks assets as at 31 December 2009 are assets in the course of construction of £25 2m (2008 £45 6m) Approximately £39 9m of the prior year assets under construction were completed during 2009

NOTES TO THE FINANCIAL STATEMENTS continued

9. Debtors

	2009 £m	2008 £m
Trade debtors	**21.4**	19 9
Amounts owed by Group undertakings	**12.7**	13 2
Prepayments and accrued income	**1.6**	2 4
	35.7	35 5

10. Creditors: amounts falling due within one year

	2009 £m	2008 £m
Bank overdraft	**0.2**	-
Borrowings (note 12)	**51.6**	239 5
Amounts owed to Group undertakings	**39.5**	43 8
Corporation tax (Group payments)	**20.4**	40 0
Other creditors	**0.8**	0 7
Other taxation and social security	**2.0**	2 0
Accruals and deferred income	**45.1**	44 2
	159.6	370 2

11. Creditors: amounts falling due after more than one year

	2009 £m	2008 £m
Borrowings (note 12)	**653.3**	357 1

NOTES TO THE FINANCIAL STATEMENTS continued

12. Borrowings

Amounts fallıng due within one year

	2009 £m	2008 £m
Amounts owed to Group undertakıngs	-	22 2
Money market borrowıngs	**51.6**	217 3
	51.6	239 5
Amounts falling due after more than one year		
£50m 3 053% Index Lınked Bonds due June 2023	**59.2**	59 9
£300m 5 5% Eurobonds due June 2026	**297.4**	297 2
£300m 6 125% Eurobonds due November 2031	**296.7**	-
	653.3	357 1
	704.9	596 6

The carryıng amount of the 3 053% Index Lınked Bonds ıs net of unamortısed ıssue costs of £0 2m (2008 £0 2m) The unamortısed ıssue cost of the 5 5% and 6 125% Eurobonds ıs the dıfference between the carryıng amount and the nomınal value

On 12 November 2009 the Company receıved £296 7m from the ıssue of £300m Eurobonds under the £10 bıllıon Euro Medıum Term Note Programme Interest ıs charged at 6 125% subȷect to adȷustment dependıng on the ınvestment grade ratıng of the Company and ıs payable annually ın arrears on 12 November ın each year The bonds mature ın November 2031

13. Fınancıal instruments

The Company's fundıng, lıquıdıty and exposure to ınterest rate rısks are managed by the Company's ıntermedıate parent company, EDF Energy plc Treasury operatıons are conducted wıthın a framework of polıcıes and guıdelınes authorısed by the Board of EDF Energy plc

(a) Interest rate and currency rısk

The Company's long-term debt has been ıssued at fixed or ındex lınked rates of ınterest Exposure to short-term ınterest rate movements ıs lımıted to short-term ınvestments and short and long term borrowıngs resultıng from fundıng needs and workıng capıtal surpluses and deficıts The Company does not have any dırect materıal exposure to foreıgn currencıes

(b) Interest rate profile

Interest earned on cash deposıts ıs predomınantly through money market ınvestments Money market ınvestments are short term ın nature and taken out at fixed rates of ınterest for the duratıon of the ınvestment

NOTES TO THE FINANCIAL STATEMENTS contınued

13. Fınancıal ınstruments contınued

(b) Interest rate profile contınued

The ınterest rate profile of the Company's financıal lıabılıtıes was as follows

	Borrowings				Fixed Rate Borrowıngs	
	Floatıng rate	Index lınked	Fıxed rate	**Total**	Weıghted average ınterest rate	Weıghted average fixed perıod
	£m	£m	£m	**£m**	%	Years
As at 31 December 2009	**51 6**	**59.2**	**594.1**	**704.9**	**5 8**	**19.0**
As at 31 December 2008	239 5	59 9	297 2	596 6	5 5	17 0

The ınterest rate on ındex lınked financıal lıabılıtıes (Bond 2023 £59 2m) ıs based on 3 053% ındex lınked to the Retaıl Prıce Index over the perıod of the borrowıng

(c) Faır values

The faır values of fınancıal ınstruments represent the amount at whıch the ınstrument could be exchanged ın a current transactıon between wıllıng partıes, other than ın a forced sale or lıquıdatıon Where market values are not avaılable, faır values have been calculated by dıscountıng cash flows at prevaılıng ınterest rates at the year end

The faır value of borrowıngs was as follows

Amounts payable	**Book value 2009 £m**	**Faır value 2009 £m**	Book value 2008 £m	Faır value 2008 £m
Wıthın one year	**51.6**	**51.6**	239 5	239 5
In more than fıve years	**653.3**	**667 1**	357 1	336 4
	704.9	**718.7**	596 6	575 9

The faır value of amounts payable wıthın one year approxımates the carryıng value

(d) Borrowing facilities

Included ın amounts payable wıthın one year are ıntra group borrowıngs of £nıl (2008 £22 2m) drawn under the £200m Intra Group Revolvıng Credıt Facılıty and £51 6m (2008 £217 3m) short term Money Market Borrowıngs under the £1 bıllıon Multı Issuer Commercıal Paper Program

NOTES TO THE FINANCIAL STATEMENTS continued

14. Provision for liabilities

The movements in provisions during the current year are as follows

	At 1 January 2009 £m	Arising during the year £m	Utilised during the year £m	Released during the year £m	**At 31 December 2009 £m**
Deferred tax	174 4	7 4	-	-	**181.8**
Other Provisions	0 9	-	(0 5)	(0 4)	-
Total Provision	**175.3**	**7.4**	**(0.5)**	**(0.4)**	**181.8**

Deferred taxation provided in the financial statements is as follows

	2009 £m	2008 £m
Accelerated capital allowances	**181.8**	175 8
Other timing differences	-	(1 4)
Provision for deferred tax	**181.8**	174 4

The movements in deferred taxation are as follows

	At 1 January 2009 £m	Profit and loss account £m	Statement of total recognised gains and losses £m	**At 31 December 2009 £m**
Provision for deferred tax	174 4	7 4	-	**181.8**
Deferred tax shown against pension liability	(23 1)	(0 2)	(46 9)	**(70.2)**
Net deferred tax	**151.3**	**7 2**	**(46.9)**	**111.6**

15. Share capital

Authorised, allotted, called up and fully paid

	2009 Number	2008 Number	**2009 £000**	2008 £000
Ordinary shares of £1 00 each	**50,000**	50,000	**50.0**	50 0

NOTES TO THE FINANCIAL STATEMENTS continued

16. Reconciliation of shareholder's funds

	Share Capital	Profit and loss account	**Total Share holder's funds**
	£m	£m	**£m**
At 1 January 2008	0 1	256 6	**256.7**
Profit for the year	-	57 4	**57.4**
Actuarial loss net of deferred tax on defined pension benefits	-	(21 0)	**(21.0)**
At 31 December 2008	0 1	293 0	**293.1**
Profit for the year	-	61 8	**61 8**
Actuarial loss net of deferred tax on defined pension benefits	-	(120 5)	**(120.5)**
At 31 December 2009	**0.1**	**234.3**	**234.4**

17 Financial commitments

Amounts contracted for but not provided in the financial statements amounted to £24 1m (2008 £43 6m)

18. Pension commitments

Former employees of the Company participate in the EDF Energy Group of the Electricity Supply Pension Scheme (ESPS), a defined benefit scheme, now closed to new members The scheme is accounted for in accordance with FRS 17 On 1 September 2005 the EDF Energy Group of the ESPS was created by the merger of the Company's two ESPS Groups, the London Electricity Group of the ESPS and the SEEBOARD Group of the ESPS The London Electricity Group and SEEBOARD Group of the ESPS closed to new employees in April 1994 and July 1995 respectively

The latest full actuarial valuation of the EDF Energy Group of the ESPS was carried out by Hewitt Bacon & Woodrow, consulting actuaries, as at 31 March 2007 The valuation was agreed on 25 January 2008, at the same time that a special contribution was agreed to fund the ESPS deficit over an eight year period to 31 March 2015 The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method

NOTES TO THE FINANCIAL STATEMENTS continued

18. Pension commitments continued

The principal financial assumptions used to calculate ESPS liabilities under FRS 17 were

	2009	2008
	%	%
Discount rate	**5.7**	6 5
Inflation assumption	**3 6**	2 6
Rate of increase in salaries	**5.6**	4 6
Rate of increase of pensions increases RPI		
- full retail price indexation ("RPI")	**3.6**	2 6

The table below shows details of assumptions around mortality rates used to calculate the FRS 17 ESPS liabilities

	31 December 2009	31 December 2008
	years	years
Life expectancy for current male pensioner aged 60	**27.2**	27 0
Life expectancy for current female pensioner aged 60	**30.5**	30 4
Life expectancy for future male pensioner currently aged 40 from age 60	**30.0**	29 9
Life expectancy for future female pensioner currently aged 40 from age 60	**31.8**	31 7

These assumptions are governed by FRS 17 and do not reflect the assumptions used by the independent actuary in the triennial valuation as at 31 March 2007, which determined the Company's contribution rate for future years

The amount recognised in the balance sheet in respect of the Company's defined benefit retirement benefit plan is as follows

	2009	2008
	£m	£m
Fair value of scheme assets	**696.7**	631 1
Present value of defined benefit obligations	**(947.3)**	(713 7)
Deficit in scheme	**(250.6)**	(82 6)
Related deferred tax asset	**70.2**	23 1
Liability recognised in the balance sheet	**(180 4)**	(59 5)

This amount is presented in pension liabilities

NOTES TO THE FINANCIAL STATEMENTS continued

18 Pension commitments continued

Amounts recognised in the profit and loss account in respect of the defined benefit scheme are as follows

	2009 £m	2008 £m
Interest cost	**(45.7)**	(49 8)
Expected return on scheme assets	**36.8**	49 4
	(8.9)	(0 4)

Of the charge for the year an expense of £8 9m (2008 £0 4m) has been included in interest payable The estimated amount of contributions expected to be paid to the scheme in 2010 is £11 6m

Movements in the present value of defined obligations in the year were as follows

	2009 £m	2008 £m
At 1 January	**(713.7)**	(843 8)
Interest cost	**(45.7)**	(49 8)
Actuarial (loss)/gain	**(224.6)**	143 4
Benefits paid	**36.7**	36 5
At 31 December	**(947.3)**	(713 7)

Movements in the present value of fair value of scheme assets in the year were as follows

	2009 £m	2008 £m
At 1 January	**631.1**	780 4
Expected return on scheme assets	**36.8**	49 4
Actuarial gain/(loss)	**57.2**	(172 5)
Deficit payment	**8.3**	10 3
Benefits paid	**(36.7)**	(36 5)
At 31 December	**696.7**	631 1

NOTES TO THE FINANCIAL STATEMENTS continued

18. Pension commitments continued

The analysis of the scheme assets and the expected rate of return at the balance sheet date were as follows

	Expected return		Fair value of assets	
	2009	2008	**2009**	2008
	%	%	**£m**	£m
Gilts - fixed	**4.6**	3 9	**74 5**	175 3
- index linked	**4.5**	3 8	**78.8**	83 0
Equities	**8.2**	7 5	**299.0**	297 0
Property	**8.7**	6 5	**15 2**	14 1
Corporate bonds	**5.9**	5 6	**197.7**	78 9
Cash	**0.7**	3 2	**31.5**	(17 2)
			696.7	631 1

EDF Energy plc group employs a building block approach in determining the long term rate of return on pension plan assets Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles The assumed long term rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for ESPS as at 31 December 2009

The actual return on scheme assets in the year was a gain of £94 0m (2008 loss £123 1m)

History of experience gains and losses are as follows

	2009	2008	2007	2006	2005
	£m	£m	£m	£m	£m
Fair value of scheme assets	**696.7**	631 1	780 4	749 8	709 9
Present value of defined benefit obligations	**(947.3)**	(713 7)	(843 8)	(833 6)	(825 9)
Deficit in the scheme	**(250.6)**	(82 6)	(63 4)	(83 8)	(116 0)
Experience adjustments on scheme liabilities					
Amount (£m)	**(7.9)**	(2 5)	(38 2)	-	(2 6)
Percentage of scheme liabilities (%)	**0.8**	0 4	4 5	-	0 3
Experience adjustments on scheme assets					
Amount (£m)	**57.2**	(172 5)	1 3	7 2	72 9
Percentage of scheme assets (%)	**8 2**	27 3	0 2	1 0	10 3

NOTES TO THE FINANCIAL STATEMENTS continued

18 Pension commitments continued

The amounts recognised in the statement of total recognised gains and losses are as follows

	2009	2008
	£m	£m
At 1 January	**(43.4)**	(22 4)
Actuarial loss	**(167.4)**	(29 1)
Deferred taxation	**46 9**	8 1
At 31 December	**(163.9)**	(43 4)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is £163 9m (2008 £43 4m)

19. Related parties

In accordance with FRS 8 'Related party disclosures', the Company is exempt from disclosing transactions with entities that are part of the Group or investees of the Group qualifying as related parties, as it is a wholly owned subsidiary of a parent, which prepares consolidated accounts which are publicly available

20. Parent undertaking and controlling party

EDF Energy (South East) plc holds a 100% interest in EDF Energy Networks (SPN) plc and is considered to be the immediate parent company EDF Energy plc heads the smallest group for which consolidated accounts are prepared which include the results of the Company Copies of that Company's consolidated financial statements may be obtained from 40 Grosvenor Place, Victoria, London SW1X 7EN

At 31 December 2009 Electricité de France SA (EDF), 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 Electricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France

21. Regulatory accounts

On 1 October 2001, under the Utilities Act 2000, EDF Energy Networks (SPN) plc was granted a Distribution Licence under which it is required to produce regulatory accounts The regulatory accounts, which cover a twelve month period ended 31 March of each year, are available free of charge by contacting the finance department at Energy House, Carrier Business Park, Hazelwick Avenue, Three Bridges, Crawley, West Sussex, RH10 1EX or by telephoning 01293 657862