EDF Energy plc

Registered Number: 2366852

Annual Report and Financial Statements

for the Year Ended 31 December 2014

CONTENTS

Directors

Vincent de Rivaz
Robert Guyler

Company Secretary

Lisa Deverick

Auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Registered Office

40 Grosvenor Place
Victoria
SW1X 7EN

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2014.

Principal activity
The Company's principal activities during the year continued to be procurement of energy and commodities on behalf of other companies within the EDF Energy plc group and the provision of head office services. It will continue these activities for the foreseeable future.

Review of the business
The loss for the year before taxation amounted to £21.5m (2013: loss of £46.3m) and the loss after taxation amounted to £1.1m (2013: profit of £74.6m).

EDF Energy plc is a wholly-owned subsidiary of EDF Energy Holdings Limited (the "Group") which manages its operations on a business segment basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the 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.

Principal risks and uncertainties

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

Margin risk
The Company purchases gas and electricity on behalf of other companies within the Group and recharges the costs to EDF Energy Customers plc. The Company makes a fixed margin per month relating to its energy trading activities. Margin price risk arises from the necessity to forecast customer demand for gas and electricity effectively and to procure the various commodities at a price competitive enough to allow a favourable tariff proposition for our customers. EDF Energy has designed hedging strategies to manage this risk effectively. Exposure to movements in the price of electricity, gas and coal is partially mitigated by entering into contracts on the forward markets, and the exposure to fluctuations in the price of uranium is mitigated by entering into fixed price contracts. Risk management is monitored for the whole of EDF Energy, through sensitivity analysis; both per commodity and across commodities, in line with the Group's risks mandate.

Interest rate risk
The Company's exposure to interest rate fluctuations on its borrowings and deposits is managed principally through the use of fixed rate debt instruments and swap agreements. The Company's policy is to use derivatives to reduce exposure to short-term interest rates and not for speculative purposes.

Foreign currency risk
The Company's exposure to foreign currency risk mainly relates to the currency exposure on the service of interest and capital on euro-denominated debt, the purchase of energy and EU emissions certificates and other foreign currency-denominated purchases. The Company's policy is to hedge/fix known currency exposures as they arise. The euro currency swap agreements fix the sterling equivalent that will be required to service the interest and capital repayments of foreign currency debt instruments. The Company enters into forward currency purchase contracts to fix the sterling price for future foreign currency-denominated transactions.

Credit risk
The Company's credit risk is primarily attributable to its trade receivables. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Risk of loss is monitored through establishment of approved counterparties, maximum counterparty limits and minimum credit ratings.

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties (continued)

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

Cyber risk
Cyber security threats are increasing in magnitude, sophistication, and pace. The impact of a cyber security incident can significantly damage business operations, profit and brand. EDF Energy has invested in technology to protect itself from such threats.

Creditors' payment policy
The Group's current policy concerning the payment of its trade creditors and other suppliers is to:
- settle the terms of payment with those creditors/suppliers when agreeing the terms of each transaction;
- ensure that those creditors/suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts;
- pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors/suppliers for revenue and capital supplies of good and services without exception. At 31 December 2014, the company had an average of 20.8 days (2013: 17.8 days) purchases outstanding in its trade creditors.

Going concern
After making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months, 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 on 24 June 2015 and signed on its behalf by:

....
Robert Guyler
Director

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 December 2014.

Directors of the Company
The Directors who held office during the year, except as noted, were as follows:

Vincent de Rivaz

Simone Rossi (resigned 10 March 2015)

The following Director was appointed after the year end:

Robert Guyler (appointed 10 March 2015)

Simone Rossi was employed by and had a service contract with the Company. Vincent de Rivaz is employed by and has a service contract with the ultimate parent company Electricité de France SA ("EDF SA").

There are no contracts of significance during or at the end of the financial year in which a Director of the Company has a material interest.

Neither of the Directors who held office at the end of the financial year had any interests in the shares of the Company or any Group company that are required to be disclosed in accordance with the Companies Act 2006.

There were qualifying third-party indemnity provisions in place for the benefit of one or more Directors of the Company during the financial year and at the date of approval of the financial statements.

Dividends
The Directors do not recommend payment of a dividend (2013: £nil).

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

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

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

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

DIRECTORS' REPORT (CONTINUED)

Auditor
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 Auditor is unaware; and
• the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

Reappointment of the auditor
Deloitte LLP have indicated their willingness to continue in office as Auditor to the Company. A resolution to reappoint Deloitte LLP as Auditor will be tabled at the forthcoming Annual General Meeting.

Approved by the Board on 24 June 2015 and signed on its behalf by:

....

Robert Guyler
Director

DIRECTORS' RESPONSIBILITY 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). 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF ENERGY PLC

We have audited the financial statements of EDF Energy plc for the year ended 31 December 2014, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 24. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its loss 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 Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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.

Bevan Whitehead ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Chartered Accountants and Statutory Auditor

2 New Street Square
London
EC4A 3BZ

24 June 2015

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £ m	2013 £ m
Turnover	2	**5,678.1**	5,626.8
Cost of sales		**(5,611.8)**	(5,564.1)
Gross profit		**66.3**	62.7
Administrative expenses		**(91.8)**	(104.0)
Other operating income		**5.5**	5.9
Operating loss	3	**(20.0)**	(35.4)
(Loss)/profit on disposal of fixed assets		**(0.3)**	0.2
Other interest receivable and similar income	6	**30.9**	8.7
Interest payable and similar charges	7	**(32.1)**	(19.8)
Loss on ordinary activities before taxation		**(21.5)**	(46.3)
Tax on loss on ordinary activities	8	**20.4**	120.9
(Loss)/profit for the financial year	19	**(1.1)**	74.6

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	**2014** **£ m**	2013 £ m
(Loss)/profit for the financial year		**(1.1)**	74.6
Actuarial loss on pension schemes	20	**(18.5)**	(19.5)
Tax relating to actuarial loss on pension schemes		**3.8**	3.3
Total recognised gains and losses relating to the year		**(15.8)**	58.4

The tax credit recognised through the statement of total recognised gains and losses is comprised of a deferred tax credit of £2.0m (2013: £1.5m) and a current tax credit of £1.8m (2013: £1.8m)

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Notes	2014 £ m	2013 £ m
Fixed assets			
Intangible assets	9	**264.1**	335.8
Tangible assets	10	**96.2**	81.2
Investments	11	**1,129.1**	1,090.0
		1,489.4	1,507.0
Current assets			
Stocks	12	**288.0**	260.7
Debtors	13	**3,902.6**	10,514.7
Investments	14	**460.7**	600.0
Cash at bank and in hand		**42.8**	356.7
		4,694.1	11,732.1
Creditors: Amounts falling due within one year	15	**(1,920.6)**	(8,954.0)
Net current assets		**2,773.5**	2,778.1
Total assets less current liabilities		**4,262.9**	4,285.1
Creditors: Amounts falling due after more than one year	16	**(682.3)**	(682.0)
Provisions for liabilities	17	**(377.0)**	(392.4)
Net assets excluding pension provision		**3,203.6**	3,210.7
Pension provision		**(46.1)**	(37.4)
Net assets		**3,157.5**	3,173.3
Capital and reserves			
Called up share capital	18	**1,296.6**	1,296.6
Share premium reserve	19	**13.9**	13.9
Capital reserve	19	**1.9**	1.9
Redemption reserve	19	**11.0**	11.0
Profit and loss account	19	**1,834.1**	1,849.9
Shareholders' funds		**3,157.5**	3,173.3

The financial statements of registered number 2366852 on pages 8 to 31 were approved and authorised by the Board on 24 June 2015 and signed on its behalf by:

....
Robert Guyler
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 current year and the preceding year.

Basis of preparation
These financial statements have been prepared under the historical cost convention, modified to include fair valuation of derivatives and in accordance with applicable law and accounting standards in the United Kingdom.

Going concern
After making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months, 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 in the Strategic report. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Exemption from preparing a cash flow statement
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 Holdings Limited, whose consolidated accounts include a cash flow statement and are publicly available.

Exemption from preparing group accounts
The Company is exempt from preparing consolidated accounts as it is a wholly-owned subsidiary of EDF Energy Holdings Limited, which prepares consolidated accounts which include the results of the Company and are publicly available.

Intangible assets
Intangible assets are stated in the balance sheet at cost less accumulated amortisation and impairment. The carrying value of intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

EU Emissions trading scheme and Renewable Obligations Certificates
The Company recognises its free emissions allowances received under the National Allocation Plan at zero cost. Purchased emissions allowances are initially recognised at cost (purchase price) within intangible assets. A liability is recognised when the level of emissions exceeds the level of allowances granted. The liability is measured at the cost of purchased allowances up to the level of purchased allowances held, and then at the market price of allowances ruling at the balance sheet date. Movements are recognised within operating profit.

The Company is obliged to sell a specific ratio of electricity sales volume to its customers from renewable sources. This is achieved via generation from renewable sources or through the purchase of Renewable Obligation Certificates ("ROCs"). Any purchased certificates are recognised at cost and included within intangible assets. Any ROCs obtained directly through renewable generation are carried at zero cost but reduces the Group's outstanding obligations to supply certificates. The Company recognises a provision for its obligation to supply certificates, based on the energy it supplies to customers. The intangible assets are surrendered, and the provision is released at the end of the compliance period reflecting the consumption of economic benefit. As a result, no amortisation is recorded during the period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies (continued)

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

Revenue recognition
Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales tax or duty.

Tangible fixed assets

Fixed assets comprise assets acquired or constructed by the Company. Expenditure of a capital nature incurred to improve operational performance or to improve safety in order to meet increased regulatory standards is also capitalised. Other expenditure including that incurred on preliminary studies and on the initiation of new technologies not yet adopted, is charged to the profit and loss account as incurred.

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, at rates calculated to write off the cost of acquisition of each asset, net of its residual value, evenly over its expected useful life, as follows:

Information technology - Three to ten years
Tools and equipment - Five years
Meters - Twenty years
Fixtures and equipment - Four to five years
Motor vehicles - Five years

No depreciation is charged on assets in the course of construction until the asset is brought into use.

Stock
Stocks are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. The cost of raw materials, consumables and goods for resale is calculated using the weighted average cost basis. Net realisable value represents the estimated selling price less any further costs expected to be incurred in completion and disposal.

Provisions
Provisions are recognised when the Group 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies (continued)

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.

Deferred tax is measured at the average tax rate that is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign currency
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

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.

Hire purchase and leasing
Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies (continued)

Derivatives and other financial instruments
The Company has borrowings and operating commitments denominated in foreign currencies and uses financial instruments to manage the financial risks arising from these commitments. The main risks arising from the Company's activities are interest rate risk, foreign currency risk and margin risk.

Interest rate risk
The Company's exposure to interest rate fluctuations on its borrowings is managed by using fixed rate debt instruments and derivative financial instruments.

Amounts payable or receivable in respect of swaps are recognised as adjustments to interest expense over the period of the contract. Where interest rate swaps are used, they are not revalued to fair value or shown on the Company balance sheet at the year-end. If the debt instrument being hedged by the interest rate swaps were to be extinguished, any gain or loss attributable to the swaps would be recognised in the period of the transaction. If the interest rate swaps were to be sold or terminated, any gain or loss would be deferred and amortised over the remaining life of the debt instrument being hedged by the interest rate swaps

Foreign currency risk
The Company's exposure to foreign currency risk is on the service of interest and capital on euro-denominated debt, and to purchase of coal and carbon certificates in foreign currencies. The Group's policy is to hedge new currency exposures as they arise. A cross-currency interest rate swap (currency swaps) is used to hedge the exposure on debt service payments (interest & principal) for foreign currency denominated debt, while forward contracts are used to hedge foreign currency denominated operating expenses.

The foreign exchange rates under such contracts are used when recording the hedged item in the balance sheet. As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets and liabilities.

Credit risk
The Company's credit risk is primarily attributable to its trade receivables. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Risk of loss is monitored through establishment of approved counterparties, maximum counterparty limits and minimum credit ratings.

Margin risk
The Company purchases gas and electricity on behalf of other companies within the Group and recharges the costs to EDF Energy Customers plc. The Company makes a fixed margin per month, but margin risk arises as the margin percentage will fluctuate in line with price changes. Risk management is monitored for the whole of EDF Energy, through sensitivity analysis within the Group risks mandate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies (continued)

Pensions

The Company has obligations under two funded defined benefit pension arrangements as part of the EDF Energy plc group, and the Company accounts for these schemes in accordance with FRS 17 'Retirement Benefits', ("FRS 17").

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.

The defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee-administered funds. 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.

2 Turnover

Turnover, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to the sale of power, gas and coal to other subsidiary companies, and recharges to group companies for the provision of support services including property and IT.

3 Operating loss

Operating loss is stated after charging/(crediting):

	2014	2013
	£ m	£ m
Research and development	**4.1**	5.1
Operating leases rentals - properties	**17.2**	18.4
Depreciation of owned assets	**12.6**	13.8
Amortisation	**4.2**	6.5

In 2014 an amount of £32,106 (2013: £31,323) was paid to Deloitte LLP for audit services. In 2014, amounts payable to Deloitte LLP by the Company in respect of other assurance services were £0.4m (2013: £0.4m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4 Directors' remuneration

	2014 £ m	2013 £ m
Aggregate remuneration	**1.3**	1.3
Amounts receivable under long term incentive schemes	**0.3**	0.4
Expatriate related benefits	**0.5**	0.5
	2.1	2.2

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

	2014 No.	2013 No.
Accruing benefits under defined benefit pension scheme	**1**	1

In respect of the highest paid Director:

	2014 £ m	2013 £ m
Aggregate remuneration	**0.6**	0.7
Amounts receivable under long term incentive schemes	**0.3**	0.3
Total remuneration excluding expatriate related benefits	**0.9**	1.0
Expatriate related benefits	**0.3**	0.3
Total remuneration	**1.2**	1.3

The Directors of the Company are paid by the Company for services provided to all companies within the Group and have been set out above. Total emoluments paid are also included within the consolidated financial statements of EDF Energy Holdings Limited, an intermediary holding company.

No Director (2013: none) held any interests in the shares or debentures of the Company or the Group required to be disclosed under the Companies Act 2006.

The aggregate remuneration includes basic salary and amounts receivable under annual incentive schemes.
The remuneration of all Directors disclosed above is also included in the financial statements of EDF Energy Holdings Limited for the year ended 31 December 2014.

5 Staff costs

The aggregate payroll costs were as follows:

	2014 £ m	2013 £ m
Wages and salaries	**59.2**	65.5
Social security costs	**7.9**	8.4
Pension costs	**14.6**	17.9
Severance costs	**1.6**	0.2
	83.3	92.0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 Staff costs (continued)

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

	2014 No.	2013 No.
Corporate and Steering Functions	**940**	955
Energy Sourcing and Customer Supply	**-**	269
Customers	**131**	-
Generation	**48**	-
Nuclear	**3**	13
	1,122	1,237

With effect from 1 January 2014, the Energy Sourcing and Customer Supply business segment was split between Coal, Gas and Renewable Generation and Customers. The Coal, Gas and Renewables has been combined with Nuclear Generation to form a single Generation business segment. The employee numbers above reflect these changes.

6 Other interest receivable and similar income

	2014 £ m	2013 £ m
Dividend income	**-**	0.2
Interest on bank deposits	**1.6**	2.4
Other finance income	**0.9**	-
Pension interest receivable	**1.3**	-
Intragroup interest	**27.1**	6.1
	30.9	8.7

7 Interest payable and similar charges

	2014 £ m	2013 £ m
Net interest payable on pension scheme	**-**	1.1
Interest on bonds	**24.9**	15.9
Foreign exchange loss	**7.0**	1.9
Other interest payable	**0.1**	0.8
Unwinding of discount on provision	**0.1**	0.1
	32.1	19.8

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8 Taxation

Tax on loss on ordinary activities

	2014 £ m	2013 £ m
Current tax		
Corporation tax credit	**(8.9)**	(10.0)
Adjustments in respect of previous years	**(17.4)**	(113.3)
UK Corporation tax	**(26.3)**	(123.3)
Deferred tax		
Origination and reversal of timing differences	**2.5**	1.6
Deferred tax adjustment relating to previous years	**3.4**	(1.1)
Effect of changes in tax rates	**-**	1.9
Total deferred tax	**5.9**	2.4
Total tax credit on loss on ordinary activities	**(20.4)**	(120.9)

Changes to the main rate of corporation tax were announced in Finance Act 2013. These comprised a reduction in the main rate of corporation tax for the financial year beginning 1 April 2014 from 23% to 21% and a further reduction for the financial year beginning 1 April 2015 from 21% to 20%.

The deferred tax asset at 31 December 2014 has been calculated at 20% (2013: 20%) as this is the rate at which the reversal of the deferred tax asset is expected to occur.

Factors affecting current tax credit for the year

The tax on loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK (2013 - lower than the standard rate of corporation tax in the UK) of 21.5% (2013 - 23.25%).

The differences are reconciled below:

	2014 £ m	2013 £ m
Loss on ordinary activities before tax	**(21.5)**	(46.3)
Corporation tax at standard rate	**(4.6)**	(10.8)
Capital allowances in excess of depreciation	**(1.0)**	0.3
Increase or decrease in pension fund prepayment	**0.2**	(0.1)
Other timing differences	**(1.9)**	(2.0)
Adjustment for prior periods	**(17.4)**	(113.3)
Other differences	**(1.6)**	2.6
Total current tax	**(26.3)**	(123.3)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 Intangible fixed assets

	IT Software £ m	ROCs and Carbon £ m	Total £ m
Cost			
At 1 January 2014	57.0	332.3	**389.3**
Additions	-	254.1	**254.1**
Disposals	(3.2)	(332.3)	**(335.5)**
Transfers from tangible fixed assets	10.9	-	**10.9**
At 31 December 2014	**64.7**	**254.1**	**318.8**
Amortisation			
At 1 January 2014	(53.5)	-	**(53.5)**
Charge for the year	(4.2)	-	**(4.2)**
Disposals	3.0	-	**3.0**
At 31 December 2014	**54.7**	**-**	**54.7**
Net book value			
At 31 December 2014	**10.0**	**254.1**	**264.1**
At 31 December 2013	3.5	332.3	335.8

10 Tangible fixed assets

	Long leasehold land and buildings £ m	Equipment and Fittings £ m	Assets under construction £ m	Total £ m
Cost				
At 1 January 2014	**17.0**	**158.6**	**53.1**	**228.7**
Additions	-	-	**38.4**	**38.4**
Disposals	-	**(66.6)**	-	**(66.6)**
Transfers	-	**11.7**	**(22.6)**	**(10.9)**
At 31 December 2014	**17.0**	**103.7**	**68.9**	**189.6**
Depreciation				
At 1 January 2014	**(7.3)**	**(140.2)**	-	**(147.5)**
Charge for the year	**(1.0)**	**(11.6)**	-	**(12.6)**
Disposals	-	**66.7**	-	**66.7**
At 31 December 2014	**(8.3)**	**(85.1)**	-	**(93.4)**
Net book value				
At 31 December 2014	**8.7**	**18.6**	**68.9**	**96.2**
At 31 December 2013	**9.7**	**18.4**	**53.1**	**81.2**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 Investments in subsidiaries

	2014 £ m	2013 £ m
Shares in subsidiary undertakings	**98.0**	61.2
Loans to Group undertakings	**1,031.1**	1,028.8
	1,129.1	1,090.0

£531.2m of the loans to subsidiary companies is interest bearing and £499.9m is interest free. The interest on the loans is calculated at one month LIBOR plus 40bp.

Details of undertakings

The principal undertakings at 31 December 2014, which are incorporated in the United Kingdom and are registered and operate in England and Wales (unless otherwise stated), are as follows:

Name of subsidiary	Proportion of ordinary shares and voting power %	Principal activity
British Energy Direct Limited *	100%	Sale of electricity
Cheshire Cavity Storage Group Limited	100%	Holding company
Cheshire Cavity Storage 1 Limited *	100%	Provision of gas storage facilities
EDF Energy (Gas Storage Hole House) Limited	100%	Provision of gas storage
Deletepicnic Limited	100%	Holding company
EDF Energy 1 Limited *	100%	Marketing and supply of electricity and gas
EDF Energy (Cottam Power) Limited *	100%	Provision and supply of electricity generation
EDF Energy Customers plc *	100%	Electricity retailing
EDF Energy (Dormant Holdings) Limited *	100%	Holding company
EDF Energy (Energy Branch) plc	100%	Investment in electricity generation
EDF Energy Fleet Services Limited	100%	Provision and supply of transport services
EDF Energy Investments *	100%	Holding company
EDF Energy (London Heat & Power) Limited *	100%	Generation and supply of electricity and heat
EDF Energy (Metro Holdings) Limited	100%	Investment company
EDF Energy (Projects) Limited *	100%	Investment company
51° Limited *	100%	Investment company
Associated Electricity Supplies Limited *	100%	Investment company
EDF Energy Customer Field Services (Metering) Limited *	100%	Investment company

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 Investments in subsidiaries (continued)

EDF Energy (West Burton Power) Limited *	100%	Power generation
SEEBOARD Energy Gas Limited *	100%	Gas supply
SEEBOARD Energy Limited *	100%	Energy supply
Sutton Bridge Financing Limited *	100%	Financial activities
The Barkantine Heat & Power Company Limited *	100%	Generation and supply of electricity and heat
EDF Energy Round 3 Isle of Wight Limited*	51%	renewable energy

Joint ventures

EDF Energy Renewables limited *	50%	Renewable energy
Braemore Wood Windfarm Limited *	50%	Renewable energy
Royal Oak Windfarm Limited *	50%	Renewable energy
Bicker Fen Windfarm Limited *	50%	Renewable energy
Burnfoot Windfarm Limited *	50%	Renewable energy
Fairfield Windfarm Limited *	50%	Renewable energy
Boundary Lane Windfarm Limited *	50%	Renewable energy
Walkway Windfarm Limited *	50%	Renewable energy
Teesside Windfarm Limited *	50%	Renewable energy
Longpark Windfarm limited *	50%	Renewable energy
Roade Windfarm Limited *	50%	Renewable energy
Burnhead Moss Windfarm Limited *	50%	Renewable energy
EDF Energy Renewables Holdings Limited *	50%	Renewable energy
Barmoor Wind Power Limited *	50%	Renewable energy
Blyth Offshore Demonstrator Limited *	50%	Renewable energy
Fenland Windfarms Limited *	50%	Renewable energy
Cemmaes Windfarm Limited *	50%	Renewable energy
Llangwyryfon Windfarms Limited *	50%	Renewable energy
Great Orton Windfarm II Limited *	50%	Renewable energy
Cold Northcott Windfarm Limited *	50%	Renewable energy
First Windfarm Holdings Limited *	50%	Renewable energy
High Hedley Hope wind Limited *	50%	Renewable energy
Red Tile Wind Limited *	50%	Renewable energy
Kirkheaton Wind Limited *	50%	Renewable energy

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 Investments in subsidiaries (continued)

Associates

Fallago Rig Windfarm Limited *	10%	Renewable energy
Navitus Bay Development Limited *	25.5%	Renewable energy
Lewis Wind Power Limited *	50%	Renewable energy
Green Rigg Windfarm Limited *	10%	Renewable energy
Rusholme Windfarm Limited *	10%	Renewable energy
Glass Moor II Windfarm Limited *	10%	Renewable energy
Barking Power Limited *	18.6%	Electricity generation

* Held indirectly

12 Stocks

	2014 £ m	2013 £ m
Raw materials and consumables	**287.6**	246.4
Levy Exemption Certificates	**0.4**	14.3
	288.0	260.7

13 Debtors

	2014 £ m	2013 £ m
Trade debtors	**99.0**	122.0
Provision for doubtful debt	**-**	(0.3)
Amounts owed by group undertakings	**3,696.0**	10,354.6
Other debtors	**40.1**	27.8
VAT	**63.0**	-
Deferred tax	**4.5**	10.6
	3,902.6	10,514.7

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13 Debtors (continued)

Debtors: amounts due in more than one year

	2014 £ m	2013 £ m
Deferred tax	**4.5**	10.6

Deferred tax
The movement in the deferred tax asset in the year is as follows:

	Deferred tax booked directly against pensions £ m	Deferred tax £ m
At 1 January 2014	**9.3**	**10.6**
Credited/(charged) to the profit and loss account	**0.2**	**(6.1)**
Credited to the STRGL	**2.0**	**-**
At 31 December 2014	**11.5**	**4.5**

Analysis of deferred tax

	2014 £ m	2013 £ m
Accelerated capital allowances	**3.4**	8.0
Short term timing differences	**1.1**	2.6
	4.5	10.6

14 Investments

	2014 £ m	2013 £ m
Other investments	**460.7**	600.0

The investments are one month cash deposits with EDF SA the ultimate parent company. The agreement in place gives the Company the right for early redemption of these deposits with two business days notice.

15 Creditors: Amounts falling due within one year

	2014 £ m	2013 £ m
Trade creditors	**662.0**	702.3
Other payables	**143.7**	131.8
Amounts owed to intermediate parent companies	**316.6**	315.3
Amounts owed to other Group companies	**727.3**	7,640.1
Corporation tax (Group payments)	**71.0**	155.9
VAT	**-**	8.6
	1,920.6	8,954.0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16 Creditors: Amounts falling due after more than one year

	2014	2013
	£ m	£ m
€800m Eurobond due June 2023	**682.3**	682.0

The bond matures on 27 June 2023 and has interest payable at a floating rate of EURIBOR 6 months +0.2811%. The principal has been swapped to sterling, and the interest rate has been swapped into a rate of LIBOR 6 months + 0.3643%.

17 Provisions

	Renewable Obligation Certificates	**Onerous contracts**	**Restructuring**	**Insurance**	**Carbon**	**Total**
	£ m	**£ m**	**£ m**	**£ m**	**£ m**	**£ m**
At 1 January 2014	**304.6**	**0.7**	**8.1**	**2.0**	**77.0**	**392.4**
Utilised during the period	**(304.6)**	**(0.4)**	**(4.9)**	**(1.3)**	**(77.0)**	**(388.2)**
Arising during the year	**372.9**	**-**	**-**	**-**	**-**	**372.9**
Unwinding of discount	**-**	**0.1**	**-**	**-**	**-**	**0.1**
Reversal of provision	**-**	**(0.2)**	**-**	**-**	**-**	**(0.2)**
At 31 December 2014	**372.9**	**0.2**	3.2	**0.7**	**-**	377.0

The provision for renewable obligations certificates represents the additional certificates required to cover the Company's obligations to supply its customers with certain amounts of electricity which have been generated from renewable energy sources. This provision will be utilised in 2015.

The provision for onerous contracts represents the difference between the projected rental income from various properties and the amounts payable by the Company for those properties under currently existing contracts.

The restructuring provision covers the costs of severance related to restructuring which has been announced to impacted employees. It is expected to be utilised in 2015.

The 2014 movement in the carbon provision reflects a balance sheet reclassification to the opening position.

18 Share capital

Allotted, called up and fully paid shares

	2014		**2013**	
	No. m	**£ m**	**No. m**	**£ m**
Ordinary shares of £0.5833 (2013 - £0.5833) each	2,223	1.296.6	2,223	1,296.6

The Company has one class of ordinary share in issue which carries no right to fixed income.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19 Reserves

	Share capital £ m	Share premium £ m	Capital reserve £ m	Redemption reserve £ m	Profit and loss account £ m	Total £ m
At 1 January 2014	**1,296.6**	**13.9**	**1.9**	**11.0**	**1,849.9**	3,173.3
Loss for the year	-	-	-	-	**(1.1)**	(1.1)
Actuarial loss on pension schemes	-	-	-	-	**(18.5)**	(18.5)
Deferred tax relating to actuarial gain/(loss) on pension schemes	-	-	-	-	**3.8**	3.8
At 31 December 2014	**1,296.6**	**13.9**	**1.9**	**11.0**	**1,834.1**	3,157.5

20 Pension commitments

Defined benefit pension schemes
The Group sponsors two funded defined benefit pension schemes for qualifying UK employees - the EDF Energy Pension Scheme (EEPS) and the EDF Energy Generation & Supply Group of the Electricity Supply Pension Scheme (EEGSG). The schemes are administered by separate boards of Trustees which are legally separate from the Group. The trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day-to-day administration of the benefits.

Under the EEGSG, employees are generally entitled to annual pensions on retirement at age 60 or 63 (again, depending on the date of joining the scheme) of one-eightieth of final pensionable salary for each year of service plus a lump sum of three-eightieths of final pensionable salary for each year of service. Under EEPS, employees are generally entitled to an annual pension at age 65 of between one-fiftieth and one-eightieth (depending on their level of contribution) of final pensionable salary for each year of service. All schemes also pay benefits on death or other events such as withdrawing from active service. All benefits are ultimately paid in accordance with the scheme rules.

The latest full valuations of the EEGSG, and EEPS were carried out by qualified actuaries at 31 March 2013. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

Funding requirements
UK legislation requires that pension schemes are funded prudently.

The last funding valuations of EEGSG and EEPS were carried out by qualified actuaries as at 31 March 2013 and showed deficits of £123m, and £46m respectively.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 Pension commitments (continued)

Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows:

	2014	2013
	%	%
Discount rate- EEGSG	**3.6**	4.4
Discount rate- EEPS	**3.7**	4.4
Retail price index ("RPI") inflation assumption- EEGSG	**3.2**	3.5
Retail price index ("RPI") inflation assumption- EEPS	**3.2**	3.5
Rate of increase in salaries- EEGSG	**3.1**	3.5
Rate of increase in salaries- EEPS	**3.1**	3.5
-full retail price indexation	**3.2**	3.5
-RPI up to 5% (EEPS- service to 31 March 2009)	**3.0**	3.2
-RPI up to 2.5% (EEPS- service from 31 March 2006)	**2.1**	2.1

The table below shows details of the assumptions around mortality rates used to calculate the FRS17 EEGSG and EEPS liabilities.

	2014	2013
	Years	Years
EEGSG		
Life expectancy for current male pensioner aged 60	**27**	27
Life expectancy for current female pensioner aged 60	**30**	30
Life expectancy for future male pensioner currently aged 40 from age 60	**29**	29
Life expectancy for future female pensioner currently aged 40 from age 60	**32**	32

	2014	2013
	Years	Years
EEPS		
Life expectancy for current male pensioner aged 65	**23**	23
Life expectancy for current female pensioner aged 65	**25**	25
Life expectancy for future male pensioner currently aged 45 from age 65	**24**	24
Life expectancy for future female pensioner currently aged 45 from age 65	**27**	27

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 2013 which determined the Company's contribution rate for future years.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 Pension commitments (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	EEGS 2014 £ m	EEPS 2014 £m	Total 2014 £m	Total 2013 £m
Fair value of scheme assets	233.5	143.9	377.4	359.1
Present value of scheme liabilities	(252.9)	(182.1)	(435.0)	(405.8)
Defined benefit pension scheme deficit	(19.4)	(38.2)	(57.6)	(46.7)
Related deferred tax asset	4.0	7.5	11.5	9.3
Net liability in the balance sheet	(15.4)	(30.7)	(46.1)	(37.4)

Amounts recognised in the profit and loss account

	EEGS 2014 £ m	EEPS 2014 £ m	Total 2014 £m	Total 2013 £ m
Amounts recognised in operating profit				
Current service cost	(3.9)	(16.0)	(19.9)	(24.8)
Losses on curtailments and settlements	(3.0)	-	(3.0)	-
Recognised in arriving at operating profit	(6.9)	(16.0)	(22.9)	(24.8)
Amounts recognised in other finance costs				
Interest cost	(10.1)	(6.2)	(16.3)	(15.9)
Expected return on scheme assets	11.4	6.2	17.6	14.8
Recognised in other finance cost	1.3	-	1.3	(1.1)
Total recognised in the profit and loss account	(5.6)	(16.0)	(21.6)	(25.9)

The movements in the fair value of scheme assets during the period were as follows:

	EEGS 2014 £ m	EEPS 2014 £ m	Total 2014 £ m	Total 2013 £ m
Fair value at start of period	220.7	138.4	359.1	304.2
Expected return on assets	11.4	6.2	17.6	14.8
Actuarial gains and losses	(4.9)	(16.1)	(21.0)	14.4
Employer contributions	6.3	14.5	20.8	26.0
Deficit repair payments	5.7	2.6	8.3	7.9
Benefits paid	(5.7)	(1.7)	(7.4)	(8.2)
Fair value at end of year	233.5	143.9	377.4	359.1

Movements in the present value of the defined benefit obligation in the current period were as follows:

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 Pension commitments (continued)

	EEGS 2014 £ m	EEPS 2014 £ m	Total 2014 £m	Total 2013 £ m
Present value at start of year	241.6	164.2	405.8	339.4
Current service cost	3.8	16.0	19.8	24.8
Actuarial gains and losses	0.1	(2.6)	(2.5)	33.9
Interest cost	10.1	6.2	16.3	15.9
Benefits paid	(5.7)	(1.7)	(7.4)	(8.2)
Effect of curtailments	3.0	-	3.0	-
Present value at end of year	252.9	182.1	435.0	405.8

Analysis of assets

The major categories of scheme assets are as follows:

	EEGS 2014 £m	EEPS 2014 £m	Total 2014 £ m	Total 2013 £ m
Equity instruments	87.9	63.9	151.8	148.2
Debt instruments	110.8	41.2	152.0	131.7
Property	0.3	12.1	12.4	18.1
Cash	1.2	1.5	2.7	14.2
Other assets	33.3	25.2	58.5	46.9
	233.5	143.9	377.4	359.1

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 Pension commitments (continued)

Amounts recognised in the statement of total recognised gains and losses

	Total 2014 £m	Total 2013 £ m
At 1 January	**(65.9)**	(82.1)
Actuarial loss	**18.5**	19.5
Deferred taxation credit	**(2.0)**	(1.5)
Current tax credit	**(1.8)**	(1.8)
At 31 December	**(51.2)**	(65.9)

History of experience adjustments on scheme assets and liabilities

Amounts for the current and previous four periods are as follows:

	2014 £ m	2013 £ m	2012 £ m	2011 £ m	2010 £ m
Fair value of scheme assets	**377.4**	359.1	304.2	259.4	231.2
Present value of scheme liabilities	**(435.0)**	(405.8)	(339.4)	(365.7)	(299.9)
Deficit in scheme	**(57.6)**	(46.7)	(35.2)	(106.3)	(68.7)

Experience adjustments:

	2014 £ m	2013 £ m	2012 £ m	2011 £ m	2010 £ m
Experience adjustments arising on scheme assets	**13.1**	14.5	12.3	(9.2)	6.4
Experience adjustments arising on scheme liabilities	**(2.2)**	2.9	3.2	-	5.9

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Derivative financial instruments

The discussion of the Group's objectives with regards to derivatives and other financial instruments is included within the Group's accounting policies in note 1.

Fair values of assets and liabilities
The fair value of financial instruments represents the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. Where market values are not available, fair values have been calculated by discounting cashflows at prevailing rates at the year end. Significant differences can arise between the fair value and the carrying amount of financial instruments that are recognised at historical cost amounts. The fair values below are not reflected in the balance sheet.

Held at fair value

	2014 £ m	2013 £ m
Assets and Liabilities		
Cross-currency swaps	40.4	7.5
Foreign exchange contracts	4.4	(24.4)
Commodity forward contracts	(39.0)	(88.8)

The cross-currency swaps relate to the Eurobond. The Eurobond has been swapped into sterling and the interest rate has been swapped from a floating rate based on EURIBOR plus a margin, to LIBOR plus a margin.

The forward foreign exchange contracts fix the sterling price to be paid relating to foreign currency purchases, principally carbon and coal purchases.

The commodity forward contracts fix the price of purchases of commodities including power, carbon and coal.

22 Other financial commitments

Other commitments

The Group has given letters of credit and guarantees to the value of £53m (2013: £68m) in relation to credit support for Energy trading and use of distribution systems, performance of contractual obligations and HMRC obligations.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22 Other financial commitments (continued)

Operating lease commitments

As at 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2014 £ m	2013 £ m
Other		
Within one year	**1.9**	1.7
Within two to five years	**8.9**	8.2
Over five years	**2.7**	3.6
	13.5	13.5

As at 31 December 2014, the Company has received annual commitments under non-cancellable operating leases as follows:

	2014 £ m	2013 £ m
Within one year	**1.6**	0.1
In two to five years	**-**	3.1
	1.6	3.2

23 Related party transactions

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.

24 Parent undertaking and controlling party

EDF Energy Group Holdings plc holds a 100% interest in the Company and is considered to be the immediate parent company. EDF Energy Holdings Limited is the smallest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from 40 Grosvenor Place, Victoria, London, SW1X 7EN.

At 31 December 2014, Electricite 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 Electricite de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.