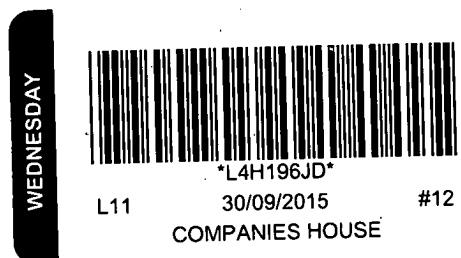


EDF Energy (UK) Limited

Registered Number: 2622406

Annual Report and Financial Statements

for the Year Ended 31 December 2014



CONTENTS

Strategic report	1 to 2
Directors' report	3 to 4
Directors' responsibility statement	5
Independent Auditor's report	6 to 7
Profit and Loss Account	8
Balance Sheet	9
Notes to the financial statements	10 to 23

Directors

Vincent de Rivaz
Alastair Russell
Robert Guyler

Company Secretary

Guido Santi

Auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Registered Office

40 Grosvenor Place
Victoria
London
SW1X 7EN

STRATEGIC REPORT

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

Principal activity

The principal activity of the Company is to be the holding company for Electricité de France SA's ("EDF SA" or "EDF Group") interest in power generation and supply in the United Kingdom. It will continue in this activity for the foreseeable future.

Review of the business

The profit for the year before taxation amounted to €192m (2013: €458m) and the profit after taxation amounted to €265m (2013: €544m).

In the United Kingdom, the activities of EDF Energy (UK) Limited and its subsidiaries (the "Group") are managed on a group basis. For this reason, and the fact that the Company is non-trading, 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 Group, which includes the Company, is discussed in the EDF Group's Annual Report, which does not form part of this report.

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.

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.

Foreign currency risk

The Company's exposure to foreign currency risk mainly relates to the currency exposure on the investment in subsidiaries and on the Sterling denominated debtors. The Group has entered into a series of forward contracts, which upon maturity have been replaced by cross currency basis swaps. These are designated as a fair value hedge of the change in investments. The intention is that these instruments reduce the foreign currency risk associated with the Sterling investments.

Interest rate risk

The Company's exposure to interest rate risk is mitigated by its long-term borrowings being at fixed interest rates. The Company retains some exposure to interest rate risk due to the cross currency basis swaps which are in place.

Liquidity and credit risk

The Company's exposure to liquidity risk is reduced as it is a 100% subsidiary of the EDF Group of Companies. Liquidity risk is mitigated by the borrowing facilities and equity provided by EDF SA, its parent company. Credit risk is mitigated by the nature of Company's activities because all transactions occur with other companies within the EDF Group.

STRATEGIC REPORT (CONTINUED)

Investment risk

The future prospects of the Company are dependent on the performance of its investment in subsidiaries. The investment in EDF Energy Holdings Limited has been reviewed and the carrying value is considered to be recoverable based on forecast performance of subsidiaries within the EDF Energy Holdings Limited group.

Approved by the Board on²⁹ September 2015 and signed on its behalf by:

.....
Robert Guyler
Director

A handwritten signature in black ink, appearing to read 'R. Guyler', is written over a dotted line.

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 were as follows:

Vincent de Rivaz

Phillipe Messenger (resigned 20 July 2015)

Simone Rossi (resigned 23 February 2015)

Alastair Russell

The following Director was appointed after the year end:

Robert Guyler (appointed 9 April 2015)

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

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

Directors liabilities

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

No Director (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 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.

Dividends

Dividends of €201m were paid during the year (2013: €429m).

DIRECTORS' REPORT (CONTINUED)

Post balance sheet events

On 30 June 2015, the Company paid a dividend of €46m to its shareholder, EDF International SAS.

On 30 June 2015, the Company entered into a €850m facility with EDF IG in order to re-finance the €850m Eurobond which matured on 30 June 2015. This is a short term loan and is expected to be repaid in 2015.

One of the tranches of basis swaps which swapped £2.475bn for €2,839bn matured on 30 June 2015. Additionally, a tranche of basis swaps which swapped £2,475m for €3,097m and matured on 30 June 2022 was settled on 30 June 2015. A net cash payment of €1,024m was made in settlement of these instruments. On 30 June 2015, new basis swaps, maturing in 2018 and 2019 were entered into to continue the hedge of the underlying investment. These swaps exchange £2,475m for €3,475m and £2,075m for €2,913m pay 6m LIBOR + 0.2479% and 0.2517% margin respectively and receive 6m EURIBOR.

On 30 June 2015, the Company entered into a €1.5bn facility with EDF SA, drawing down the full amount. This is a short term loan and is expected to be repaid in 2015. The funds were used for settlement of the basis swaps.

Auditor

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

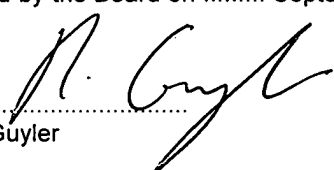
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Reappointment of auditor

It is noted that under the provisions of the Companies Act 1985, the members have previously dispensed with the requirement to appoint auditors annually and that under the provisions of s.487 of the Companies Act 2006, the current auditor is deemed to re-appointed until such time that the directors or the members of the Company resolve otherwise. It is further noted that the Directors have been authorised to fix the remuneration of the auditor.

Approved by the Board on 29 September 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements of EDF Energy (UK) Limited for the year ended 31 December 2014, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. 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 (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. 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 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 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 (UK) LIMITED (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 FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Chartered Accountant and Statutory Auditor

2 New Street Square
London
EC4A 3BZ

Date: 29/9/15

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 € m	2013 € m
Income from fixed asset investments	4	530	723
Interest receivable and similar income	5	1,138	509
Interest payable and similar charges	6	(1,488)	(774)
Other gains	7	<u>12</u>	<u>-</u>
Profit on ordinary activities before taxation		192	458
Tax on profit on ordinary activities	8	<u>73</u>	<u>86</u>
Profit for the financial year		<u><u>265</u></u>	<u><u>544</u></u>

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

There were no recognised gains or losses in either the current or preceding year other than the profit for the year and, therefore, no statement of total recognised gains and losses has been presented.

**BALANCE SHEET
AS AT 31 DECEMBER 2014**

	Note	2014 € m	2013 € m
Non-current assets			
Investment in subsidiary undertakings	9	17,318	15,782
Derivative and other financial instrument assets	10	<u>437</u>	<u>508</u>
		<u>17,755</u>	<u>16,290</u>
Current assets			
Debtors: Amounts falling due within one year	11	239	341
Cash at bank and in hand		<u>1</u>	<u>1</u>
		240	342
Creditors: Amounts falling due within one year	12	<u>(3,302)</u>	<u>(4,962)</u>
Net current liabilities		<u>(3,062)</u>	<u>(4,620)</u>
Total assets less current liabilities		14,693	11,670
Creditors: Amounts falling due after more than one year	13	(1,855)	(2,705)
Derivatives and other financial instrument liabilities	14	<u>(1,170)</u>	<u>(675)</u>
Net assets		<u>11,668</u>	<u>8,290</u>
Capital and reserves			
Called up share capital	15	9,631	7,207
Share premium reserve	17	894	4
Revaluation reserve	17	1,402	1,402
Equity reserve	17	-	490
Profit and loss account	17	693	139
Translation reserve	17	<u>(952)</u>	<u>(952)</u>
Shareholders' funds		<u>11,668</u>	<u>8,290</u>

The financial statements of EDF Energy (UK) Limited, registered number 2622406 on pages 8 to 23 were approved and authorised by the Board on ²⁹ September 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.

General information

EDF Energy (UK) Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act. It is resident in the United Kingdom for tax purposes.

Basis of preparation

The 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 Electricité de France SA, 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 Electricité de France SA, which prepares consolidated accounts which include the results of the Company and are publicly available.

Exemption from financial instruments disclosures

The Company is exempt from the disclosures required by FRS 29 'Financial Instruments: Disclosures' as it is a wholly-owned subsidiary of Electricité de France SA, which prepares consolidated accounts which include the results of the Company and are publicly available.

FRS 25 'Financial Instruments: disclosure and presentation' and FRS 26 'Financial Instruments: recognition and measurement' have been applied.

Fixed asset investments

Fixed asset investments are shown at cost less provision for impairment unless they are designated in a fair value hedge relationship of movements in the EUR/GBP exchange rate. Investments in a hedge relationship are re-translated into Euros at the spot foreign exchange rate at each reporting date with any movements being recognised within interest in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies (continued)

Foreign currency

The functional and presentation currency of EDF Energy (UK) Limited is Euros. Transactions in foreign currency are initially recorded in the functional currency rate at the rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing balance sheet exchange rate. All differences are taken to the profit and loss account. Non-monetary assets and liabilities are translated at the rates prevailing on the date of transaction unless hedge accounting has been applied.

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, this is a commitment to dispose of the replacement assets with no likely subsequent rollover or available capital losses;
- provision is made for gains on revalued fixed assets only where there is a commitment to dispose of the revalued assets and the attributable gain can neither be rolled over or 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 at the average tax rates that are expected to apply on periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date on an undiscounted basis.

Convertible bond

The liability component of the convertible bond is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the convertible bond as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components as appropriate in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of the convertible bonds is measured at amortised cost using the effective interest method. The equity component of the convertible bonds is not re-measured subsequent to initial recognition except on conversion or expiry.

Financial instruments

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and other short-term liquid investments which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities are classified according to the nature of the contractual obligations, and are based on the definition of a liability. An equity instrument is a contract that evidences a residual interest in the assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies (continued)

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially measured at the fair value of the proceeds received, net of direct issue costs. These instruments are subsequently measured at amortised cost using the effective interest rate method.

Derivatives and other financial instruments and hedge accounting

The Company's activities expose it to fluctuations in foreign exchange rates.

The use of derivatives and other financial instruments is governed by the Company's policies, approved by the Board of EDF Energy (UK) Limited. The Company does not use derivatives and other financial instruments for speculative purposes.

Derivatives and other financial instruments are measured at fair value on the date a derivative contract is entered into, and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivatives and other financial instruments that do not qualify for hedge accounting are recognised in the profit and loss account as they arise. Changes in the fair values of derivative financial instruments that are designated as fair value hedges are also recognised immediately in the profit and loss account.

Hedge accounting

The Company designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as fair value hedges.

At inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking the hedge transactions. Furthermore, at the inception of the hedge, and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values of the hedged item.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in interest receivable/interest payable in the profit and loss account.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedge instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting.

2 Operating result

In 2014 an amount of €38,516 (2013: €29,293) was paid to Deloitte LLP for audit services. This charge was borne by another Group company in both the current and prior year. In 2014, amounts payable to Deloitte LLP by the Company in respect of other assurance services were €nil (2013: €nil).

There were no employees in the Company in either the current or preceeding year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3 Directors' remuneration

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

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.

4 Income from fixed asset investments

	2014	2013
	€ m	€ m
Dividends received from subsidiary undertaking	<u>530</u>	<u>723</u>

5 Interest receivable and similar income

	2014	2013
	€ m	€ m
Gain arising on fair value of euro:sterling cross currency basis swap	-	265
Gain arising on fair value of sterling:euro forward	-	244
Gain arising on fair value of euro:sterling forward	356	-
Foreign exchange gain on sterling denominated investments	781	-
Foreign exchange gains	<u>1</u>	<u>-</u>
	<u>1,138</u>	<u>509</u>

In 2014, a gain of €781m arose on retranslation of the portion of sterling denominated investment in subsidiary (EDF Energy Holdings Ltd) which is the hedged item in a fair value hedge. In 2013, the comparable figure is a loss of €157m (see note 6). The designated hedging instruments are the cross currency swaps (except for the 2010 swap maturing in 2015) shown in note 6 (for 2013 shown above) and the 2009 forward contract maturing in 2015 (note 14). These are a hedge of the fair value risk on the investment with regard to foreign exchange movements only.

The difference between the gain of €781m (2013: loss of €157m) arising in relation to the sterling denominated investments and the fair value loss of €792m (note 6) (2013: gain of €265m) arising in relation to the hedging instruments relates to ineffectiveness in the hedging relationship.

The investment in the subsidiary was originally hedged by a number of forward contracts, however these have largely matured and been replaced with hedging currency swaps. The remaining forward (2009 forward maturing in 2015) was offset by an equal and opposite forward contract in May 2010 while at the same time a currency swap (2010 swap maturing in 2015) was taken out (note 10). This remaining forward contract from 2009 remains a designated hedging instrument.

The €356m gain in the year arose from the fair value of the offsetting forward (€ : £) from May 2010, which is not designated in a hedge. In the prior year the equivalent figure was a loss of €244m (disclosed in note 6).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6 Interest payable and similar charges

	2014 € m	2013 € m
Foreign exchange loss on sterling denominated investments	-	157
Unwinding of discount on convertible bond	-	103
Loss arising on fair value of euro:sterling forward	-	244
Interest on loans from group undertakings	51	18
Periodic net payments on cross currency basis swaps	59	58
Interest payable on bonds	230	194
Loss arising on fair value of sterling:euro forward	356	-
Loss arising on fair value of euro:sterling cross currency basis swap	792	-
	<u>1,488</u>	<u>774</u>

The €356m loss in the year arose from the fair value of the offsetting contract (£ : €) from June 2009. In the prior year the equivalent figure was a gain of €244m (disclosed in note 5).

The €792m loss in the year arose on from the fair value of basis swaps (€ : £) from May 2010, June 2012, June 2013 and June 2014. In the prior year the equivalent figure was a gain of €265m (disclosed in note 5).

7 Other gains

	2014 € m	2013 € m
Hedge ineffectiveness on the fair value hedge	<u>12</u>	<u>-</u>

This represents the difference between the translation of the investments which are designated in a fair value hedge relationship with the derivative hedging items.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8 Taxation

(a) Tax on profit on ordinary activities

	2014	2013
	€ m	€ m
Current tax		
Corporation tax credit	(73)	(85)
Adjustments in respect of previous years	-	(1)
UK Corporation tax credit	<u>(73)</u>	<u>(86)</u>

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%.

Changes to the main rate of corporation tax were proposed by the UK Government in the Summer Budget in July 2015. These comprised a reduction in the main rate of corporation tax for the financial year beginning 1 April 2017 from 20% to 19% and a further reduction for the financial year beginning 1 April 2020 from 19% to 18%. These reductions had not been substantively enacted at the balance sheet date and so have not been reflected in these accounts.

(b) Factors affecting current tax credit for the year

The tax on profit 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	2013
	€ m	€ m
Profit on ordinary activities before tax	<u>192</u>	<u>458</u>
Corporation tax at standard rate	41	106
Non deductible fair value loss/(Non-taxable fair value gains)	-	(23)
Adjustment in respect of prior periods	-	(1)
Dividends received from UK companies	<u>(114)</u>	<u>(168)</u>
Total current tax credit	<u>(73)</u>	<u>(86)</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 Investment in subsidiary undertakings

Shares in group undertakings and participating interests

	Total € m
Cost and net book value	
At 1 January 2014	15,782
Additions	755
Foreign exchange revaluations arising as a result of fair value hedge relationship	781
At 31 December 2014	17,318

During 2014, the Company subscribed to 596m shares in EDF Energy Holdings Limited, a wholly-owned subsidiary, at a cost of €755m. During 2013, the Company subscribed to 407m shares in EDF Energy Holdings Limited, a wholly-owned subsidiary, at a cost of €485m.

Details of undertakings

The subsidiaries, associates and joint ventures at 31 December 2014, which are all registered and operate in England and Wales or Scotland (unless otherwise stated), are as follows:

Name of subsidiary	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
British Energy Bond Finance plc *	80%	80%	Financial activities
British Energy Direct Limited *	100%	100%	Sale of electricity
British Energy Finance Limited *	80%	80%	Financial activities
British Energy Generation (UK) Limited *	80%	80%	Holding company
British Energy Holdings Limited * (Canada)	80%	80%	Holding company
British Energy International Holdings Limited *	80%	80%	Holding company
British Energy Investment Limited *	80%	80%	Investment company
British Energy Limited *	80%	80%	Holding company
British Energy Renewables Limited *	80%	80%	Renewable power generation
British Energy Technical Services Limited *	80%	80%	Sale of electricity
British Energy Trading and Sales Limited *	80%	80%	Sale of electricity
British Energy Trading Services Limited *	80%	80%	Sale of electricity
British Energy Treasury Finance Limited *	80%	80%	Financial activities
British Energy Trustees Limited *	80%	80%	Financial activities
Bruce Hydro Inc * (Canada)	80%	80%	Power generation
Bruce Power Operating Corp * (Canada)	80%	80%	Power generation
Cheshire Cavity Storage 1 Limited *	100%	100%	Provision of gas storage facilities
Cheshire Cavity Storage Group Limited *	100%	100%	Holding company

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 Investment in subsidiary undertakings (continued)

Delepicnic Limited *	100%	100%	Holding company
EDF Energy (Cottam Power) Limited *	100%	100%	Provision and supply of electricity generation
EDF Energy (Dormant Holdings) Limited *	100%	100%	Holding company
EDF Energy (Energy Branch) plc *	100%	100%	Investment in electricity generation
EDF Energy (London Heat & Power) Limited *	100%	100%	Generation and supply of electricity and heat
EDF Energy (Metro Holdings) Limited *	100%	100%	Investment company
EDF Energy (Northern Offshore Wind) Limited *	100%	100%	Development of generation and supply
EDF Energy (Projects) Limited *	100%	100%	Investment company
EDF Energy (West Burton Power) Limited *	100%	100%	Power generation
EDF Energy 1 Limited *	100%	100%	Marketing and supply of electricity and gas
EDF Energy Customers plc *	100%	100%	Electricity retailing
EDF Energy Fleet Services Limited *	100%	100%	Provision and supply of transport services
EDF Energy Group Holdings plc *	100%	100%	Holding company
EDF Energy Holdings Limited	100%	100%	Holding company
EDF Energy Investments *	100%	100%	Holding company
EDF Energy Lake Limited *	100%	100%	Holding company
EDF Energy Nuclear Generation Group Limited *	80%	80%	Holding company
EDF Energy Nuclear Generation Limited *	80%	80%	Power generation
EDF Energy plc *	100%	100%	Sale of electricity
EDF Energy Round 3 Isle of Wight Limited *	51%	51%	Renewable energy generation
Eggborough Power (Holdings) Limited *	80%	80%	Holding company
Hunterston Properties Limited *	100%	100%	Property company
Jade Power Generation Limited *	100%	100%	Power generation
Lake Acquisitions Limited *	80%	80%	Holding company
Lochside Energy Inc * (Canada)	80%	80%	Financial activities
Lochside Insurance Limited * (Guernsey)	80%	80%	Insurance company
NNB Generation Company Limited *	100%	100%	Development of generation and supply
NNB Holding Company Limited *	100%	100%	Holding company
NNB Land Company Limited *	100%	100%	Property company
Norfolk Offshore Wind Limited *	100%	100%	Development of generation and supply
Northern Power Limited *	80%	80%	Power generation
SEEBOARD Energy Gas Limited *	100%	100%	Gas supply
SEEBOARD Energy Limited *	100%	100%	Energy supply
Stornoway Wind Power Limited *	80%	80%	Renewable power generation

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 Investment in subsidiary undertakings (continued)

Sutton Bridge Financing Limited * (Cayman Islands)	100%	100%	Financial activities
The Barkantine Heat & Power Company Limited *	100%	100%	Generation and supply of electricity and heat
West Burton Limited *	100%	100%	Power generation
West Burton Property Limited *	100%	100%	Investment company
Western Isles Renewables Limited *	80%	80%	Renewable power generation

Joint ventures

Barmoor Wind Power Limited *	50%	50%	Renewable energy generation
Bicker Fen Windfarm Limited *	50%	50%	Renewable energy generation
Blyth Offshore Demonstrator Limited *	50%	50%	Renewable energy generation
Boundary Lane Windfarm Limited *	50%	50%	Renewable energy generation
Braemore Wood Windfarm Limited *	50%	50%	Renewable energy generation
Burnfoot Windfarm Limited *	50%	50%	Renewable energy generation
Burnhead Moss Windfarm Limited *	50%	50%	Renewable energy generation
Cemmaes Windfarm Limited *	50%	50%	Renewable energy generation
Cold Northcott Windfarm Limited *	50%	50%	Renewable energy generation
EDF Energy Renewables Holdings Limited *	50%	50%	Holding company
EDF Energy Renewables Limited *	50%	50%	Renewable energy generation
Fairfield Windfarm Limited *	50%	50%	Renewable energy generation
Fenland Windfarms Limited *	50%	50%	Renewable energy generation
First Windfarm Holdings Limited *	50%	50%	Renewable energy generation
Great Orton Windfarm II Limited *	50%	50%	Renewable energy generation
High Hedley Hope Wind Limited *	50%	50%	Renewable power generation
Kirkheaton Wind Limited *	37.5%	37.5%	Renewable power generation
Llangwryfon Windfarms Limited *	50%	50%	Renewable energy generation
Longpark Windfarm Limited *	50%	50%	Renewable energy generation
Red Tile Wind Limited *	50%	50%	Renewable energy generation
Roadie Windfarm Limited *	50%	50%	Renewable energy generation
Royal Oak Windfarm Limited *	50%	50%	Renewable energy generation
Teesside Windfarm Limited *	50%	50%	Renewable energy generation
Walkway Windfarm Limited *	50%	50%	Renewable energy generation

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 Investment in subsidiary undertakings (continued)

Associates

Barking Power Limited *	18.6%	25%	Power generation
Fallago Rig Windfarm Limited *	10%	10%	Renewable energy generation
Glass Moor II Windfarm Limited *	10%	10%	Renewable energy generation
Green Rigg Windfarm Limited *	10%	10%	Renewable energy generation
Lewis Wind Power Limited *	25%	25%	Renewable energy generation
Navitus Bay Development Limited *	25.5%	25.5%	Renewable energy generation
Rusholme Windfarm Limited *	10%	10%	Renewable energy generation
Scintilla Re *	20%	20%	Reinsurance fund
Trans4m Limited *	25%	25%	Engineering contracts

* indirectly held

10 Derivatives and other financial instrument assets

	2014 € m	2013 € m
Fair value of sterling:euro forwards inception May 2010 (i)	437	432
Fair value of cross currency basis swaps inception June 2012 (ii)	-	76
Derivative assets	<u>437</u>	<u>508</u>

(i) The May 2010 forwards were entered into to mitigate the impact of forwards entered into in June 2009. These were not designated as a fair value hedge. The remaining notional value of the paying leg is €2,731m (2013: €5,478m) and of the receiving leg is £2,475m (2013: £4,950m). These are non-interest bearing. New cross-currency basis swaps were issued at the same time to reduce the volatility in the profit and loss account caused by the fair valuation of the forward contracts which are included within note 14.

(ii) The June 2012 basis swaps with a comparative balance of €76m in 2013 are currently shown in Derivative liabilities (note 14). These cross-currency basis swaps were entered into when the first tranche of forward contracts matured. At inception, these instruments were designated as a fair value hedge of certain designated tranches of the underlying sterling investment.

11 Debtors: Amounts falling due within one year

	2014 € m	2013 € m
Corporation tax	35	217
Cash pooled with parent company	<u>204</u>	<u>124</u>
	<u>239</u>	<u>341</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12 Creditors: Amounts falling due within one year

	2014 € m	2013 € m
Trade creditors	1	1
Accruals and deferred income	62	93
€850m 5.05% Bonds due 2015	850	-
EDF IG Loan - original 2013 drawdown, 4.3%	789	788
EDF IG Loan - 2014 Tranche A, 2.4%	850	-
EDF IG Loan - 2014 Tranche B, 2.3%	440	-
EDF IG Loan - 2014 Tranche C, 2.1%	310	-
€850m 4.72% Bonds due 2014	-	850
€3,314m convertible bond 2014	-	3,230
	<u>3,302</u>	<u>4,962</u>

The EDF IG loan was increased in the current year by €1,600m in total across three tranches. Tranche A (€850m, 2.4%) was drawn down to meet the 4.72% bond maturing in the year. Tranches B and C have balances of €440m and €310m and interest rates of 2.3% and 2.1% respectively.

The convertible bond with a nominal value of €3,314m, a conversion premium of 40% and an annual coupon of 1.085% was issued on 16 October 2009. The holder (EDF International SAS, the immediate parent company) had the right, but not the obligation, to convert the note into a fixed number of shares in the Company at any time between 16 October 2013 and maturity on 16 October 2014. The bond was converted into 2,424,469,641 €1 shares in September 2014, with total consideration comprising €2,424m relating to share capital and €890m relating to share premium.

If the bond had not been converted into shares, the Company would have been obliged to pay cash equal to the nominal amount upon the maturity date.

13 Creditors: Amounts falling due after more than one year

	2014 € m	2013 € m
€850m 5.05% Bonds due 2015 (i)	-	850
€975m 4.25% Bonds due 2022 (i)	975	975
€880m 3.31% Bonds due 2023 (i)	880	880
	<u>1,855</u>	<u>2,705</u>

These bonds were all issued to EDF IG, a subsidiary of EDF SA. On 30 June 2009 four bonds of €850m were issued with maturities of between 2012 and 2014. The bond which matured on 29 June 2012 was extended to 29 June 2022 at an annual coupon rate of 4.249% and the nominal amount of the bond was increased by €125m to €975m. The bond which matured on 29 June 2013 was extended to 29 June 2023 at an annual coupon rate of 3.31% and the nominal amount of the bond was increased by €30m to €880m. All bonds were issued at par.

One 4.72% €850m bond matured in the course of the year, which was repaid with a drawdown against the loan provided by EDF IG (see note 12).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 Derivatives and other financial instrument liabilities

	2014	2013
	€ m	€ m
Fair value of euro:sterling forwards inception June 2009 (i)	(394)	(346)
Fair value of cross currency basis swaps inception May 2010 (ii)	(336)	(249)
Fair value of cross currency basis swaps inception June 2012 (iii)	(131)	-
Fair value of cross currency basis swaps inception June 2013 (iv)	(275)	(80)
Fair value of cross currency basis swaps inception June 2014 (v)	(34)	-
	<u>(1,170)</u>	<u>(675)</u>

(i) The June 2009 forwards were put in place to provide a hedge of the foreign currency exposure relating to the sterling denominated investments. These forwards were issued in four tranches which mature between 2012 and 2015. The remaining notional value of the paying leg is £2,475m (2013: £4,950m) and of the receiving leg is €2,773m (2013: €5,563m). These are non-interest bearing. Each tranche has been separately designated as a fair value hedge of the foreign exchange movements in the sterling denominated investment.

(ii) The May 2010 forwards were entered into to mitigate the impact of forwards entered into in June 2009 and are included within note 10. New cross-currency basis swaps were issued in May 2010 to reduce the volatility in the profit and loss account caused by the fair valuation of the forward contracts. These were not designated in a fair value hedge. These basis swaps mature in June 2015. The notional value of the paying leg is £2,475m (2013: £2,475m), accruing interest at 6 month Euribor + 0.0955%. The notional value of the receiving leg is €2,839m (2013: €2,839m), accruing interest at a fixed rate of 0.305%.

(iii) The June 2012 basis swaps were entered into when the first tranche of forward contracts described in (i) matured. These basis swaps mature in June 2022. From 1 January 2014, these instruments were designated as a fair value hedge of certain designated tranches of the underlying sterling investment. The notional value of the paying leg is £2,475m (2013: £2,475m), accruing interest at 6 month Euribor + 0.342%. The notional value of the receiving leg is €3,097m (2013: €3,097m), accruing interest at a fixed rate of 0.305%.

(iv) The June 2013 basis swaps were entered into when the second tranche of forward contracts described in (i) matured. These basis swaps mature in June 2023. At inception, these instruments were designated as a fair value hedge of some tranches of the underlying sterling investment. The notional value of the paying leg is £2,475m (2013: £2,475m), accruing interest at 6 month Euribor + 0.1868%. The notional value of the receiving leg is €2,839m (2013: €2,839m), accruing interest at a fixed rate of 0.305%.

(v) The June 2014 basis swaps were entered into when the third tranche of forward contracts described in (i) matured. These basis swaps mature in June 2017. At inception, these instruments were designated as a fair value hedge of some tranches of the underlying sterling investment. The notional value of the paying leg is £975m (2013: £nil), accruing interest at 6 month Euribor + 0.1177%. The notional value of the receiving leg is €1,220m (2013: €nil), accruing interest at a fixed rate of 0.305%.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 Share capital

Allotted, called up and fully paid shares

	2014 No. m	€ m	2013 No. m	€ m
Ordinary shares of €1 each	<u>9,631</u>	<u>9,631</u>	<u>7,207</u>	<u>7,207</u>

New shares allotted

In September 2014, 2,424,469,641 shares, having an aggregate nominal value of €2,424m, were allotted for an aggregate consideration of €3,314m (see note 12) as a condition of a convertible bond provided by EDF International SAS, the immediate parent company.

Total consideration of €3,314m comprised €2,424m relating to share capital and €890m relating to share premium. If the bond had not been converted into shares, the Company would have been obliged to repay the €3,314m convertible loan.

16 Dividends

	2014 € m	2013 € m
Dividends paid		
Current year interim dividend paid	<u>201</u>	<u>429</u>

The interim dividend to the parent company represents €0.02 per Ordinary share (2013: €0.06).

17 Reserves

	Share capital € m	Share premium € m	Revaluation reserve € m	Equity reserve € m	Profit and loss account € m	Translation reserve € m	Total € m
At 1 January 2014	7,207	4	1,402	490	139	(952)	8,290
Profit for the year	-	-	-	-	265	-	265
Dividends	-	-	-	-	(201)	-	(201)
Premium on issue of shares	-	890	-	-	-	-	890
Additional share capital on bond conversion	2,424	-	-	-	-	-	2,424
Reclassification of equity portion of convertible bond upon conversion	<u>-</u>	<u>-</u>	<u>-</u>	<u>(490)</u>	<u>490</u>	<u>-</u>	<u>-</u>
At 31 December 2014	<u>9,631</u>	<u>894</u>	<u>1,402</u>	<u>-</u>	<u>693</u>	<u>(952)</u>	<u>11,668</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17 Reserves (continued)

The equity reserve relates to the equity component of the convertible bond which was issued in 2009 (see note 12). This became distributable upon conversion of the bond in 2014. The translation reserve arose due to the change in functional currency in 2009 and is non-distributable. The revaluation reserve relates to the revaluation of the sterling denominated shares and is non-distributable.

18 Related party transactions

The Company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

19 Post balance sheet events

On 30 June 2015, the Company paid a dividend of €46m to its shareholder, EDF International SAS.

On 30 June 2015, the Company entered into a €850m facility with EDF IG in order to re-finance the €850m Eurobond which matured on 30 June 2015. This is a short term loan and is expected to be repaid in 2015.

One of the tranches of basis swaps which swapped £2.475bn for €2,839bn matured on 30 June 2015. Additionally, a tranche of basis swaps which swapped £2,475m for €3,097m and matured on 30 June 2022 was settled on 30 June 2015. A net cash payment of €1,024m was made in settlement of these instruments. On 30 June 2015, new basis swaps, maturing in 2018 and 2019 were entered into to continue the hedge of the underlying investment. These swaps exchange £2,475m for €3,475m and £2,075m for €2,913m pay 6m LIBOR + 0.2479% and 0.2517% margin respectively and receive 6m EURIBOR.

On 30 June 2015, the Company entered into a €1.5bn facility with EDF SA, drawing down the full amount. This is a short term loan and is expected to be repaid in 2015. The funds were used for settlement of the basis swaps.

20 Parent undertaking and controlling party

EDF International SAS ("EDFI") holds a 100% interest in the Company and is considered to be the immediate parent company. EDFI is the smallest group for which consolidated financial statements are prepared, copies of which may be obtained from EDF International SAS, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.

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.