



EDF ENERGY HOLDINGS LIMITED

Registered Number 06930266

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2014

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STRATEGIC REPORT

Principal activities

The principal activities of EDF Energy Holdings Limited (the “Company”) and subsidiaries (together the “Group” or “EDF Energy”) during the year continued to be the provision and supply of electricity and gas to commercial, residential and industrial customers, and the generation of electricity through a portfolio of generation assets including nuclear, coal, gas and renewable generation. The Group is also involved in the construction of nuclear new build assets.

Long-term strategy

EDF Energy operates in a complex market environment characterised by global commodity markets, high levels of competition and Government interventions to deliver energy policy objectives of energy security, decarbonisation and affordability. Despite renewed economic growth, electricity demand is yet to return to growth. In the longer term, however, decarbonisation policies are expected to lead to decarbonisation of electricity generation, which will prompt fuel switching from gas and oil to low-carbon electricity particularly in the heat and transport sectors.

EDF Energy’s strategy is focused on ensuring a sustainable long-term business meeting customer needs in the transition to a lower-carbon economy. It seeks to create value through continued operational excellence; by achieving maximum value from its existing nuclear, coal and gas assets; by focusing on cost efficiency in the customer business; by developing a portfolio of renewable projects; and by leading the revival of nuclear new build in the UK. The Group plans to build four new nuclear units in the UK: a twin at Hinkley Point in Somerset and a possible further twin at Sizewell in Suffolk (subject to ongoing studies). EDF Energy’s existing nuclear power stations continue to provide the UK with safe and reliable low-carbon electricity.

Other important strategic actions concerning the company’s generation fleet include optimising the lifetime value of coal generation capacity affected by the Large Combustion Plant Directive (“LCPD”), the Industrial Emissions Directive (“IED”) and the above-mentioned capacity market; maximising the output of existing nuclear plants; optimising the operations of the new West Burton B Combined Cycle Gas Turbine (“CCGT”) power station; continued delivery of renewable generation projects; finalisation of the delivery of fast cycle gas storage caverns; and consideration of options for new, flexible gas-fired generation.

In the customer businesses, EDF Energy’s focus is on standing out as a fair energy supplier, while simultaneously improving its profitability. It has introduced customer commitments to deliver fair value, better service and simplicity to customers. Profitability improvements are sought in particular through increased cost efficiency and efficient delivery of regulatory obligations such as smart metering and energy efficiency schemes - all supported by investment in people and information systems.

EDF Energy’s future financial success will be highly dependent on the returns achieved by nuclear plants, which are driven largely by plant availability and, for existing capacity, wholesale market power price development. EDF Energy is focused on improving the risk profile of the portfolio of its generation assets and participating in the creation of a fit-for-purpose regulatory framework.

In order for EDF Energy to realise its strategy, continuous focus on the company’s “Zero harm” health and safety ambition as well as on developing and retaining high-performing people is essential. EDF Energy has continued to invest heavily in the training and development of its people across the business, including through its Campus project.

STRATEGIC REPORT continued

Key performance indicators

In 2014, we continued to measure progress against our key ambitions. They were renamed as the first stage in a redevelopment process but most of the internal metrics have remained unchanged in the last 6 years. Our key company ambitions and related measures for 2014 were:

- **Zero Harm** - Measured through the total recordable incident rate “TRIR” (the number of fatalities, lost time incidents, medical treatments and restricted work injuries per 1,000,000 hours worked) – covers both employees and contractors. Each incident is equally weighted – thus the total result is the sum of all TRIR incidents in the year (per 1,000,000 hours worked in the year).
- **Best and Most Trusted for Customers** – Measured through our Trust Index – a combination of customer survey, complaints monitoring and service levels across our Business to Customers (“B2C”) and Business to Business (“B2B”) businesses. Each (of the 9) measures is given a minimum, an on target and a maximum performance level (equated to 50, 100 and 150 respectively) and the final trust index score is a weighted average of the performances of each measure (and so also has a target of 100).
- **People to be a Force for Good** - Measured through results of our annual employee engagement survey from a subset of 12 questions called the “High Performance Index” (HPI). The questions used relate to topics on which high performing companies are differentiated from others and for which comparative norm data exists. The responses against each of the 12 questions are then averaged to produce a total % result.
- **Safe, Secure and Responsible Nuclear Electricity** – Measured through Nuclear Generation Target Achievements – TRIR, HPI, Controllable Costs, Nuclear Output, Ignition Events and Lifetime Management of Plant. Note both the TRIR and HPI measures cover our nuclear and coal, gas and renewable business areas. Each (of the 6) measures is given a minimum, an on target and a maximum performance level (equated to 50, 100 and 150 respectively) and the final trust index score is a weighted average of the performances of each measure (and so also has a target of 100).
- **Power Society Without Costing the Earth** – Measured through Nuclear New Build target achievements - this includes TRIR, HPI, Hinkley Point C Budget, and Milestone Achievements - actions relating to progress on procurement, engineering, construction, project control and consultations for our new build project. Each (of the 4) measures is given a minimum, an on target and a maximum performance level (equated to 50, 100 and 150 respectively) and the final trust index score is a weighted average of the performances of each measure (and so also has a target of 100).
- **Strong Financial and Ethical Performance** - Measured through (a) Profit before depreciation, amortisation, tax and finance costs (b) net cash from operating activities.

The results for 2014 and 2013 were:

Ambition	Measure	2014	2013
Zero Harm	TRIR (per 1,000,000hrs)	0.95	0.84
Best and Most Trusted for Customers	Trust Index	52.6	97.7
People to be a Force for Good	High Performing Index (%)	68	68
Safe, Secure and Responsible Nuclear Electricity (*)	Nuclear Generation Target Achievements (Index)	94.35	135.0
Power Society Without Costing the Earth (*)	Nuclear New Build Target Achievements (Index)	105.21	119.7
Strong Financial and Ethical Performance	Profit before depreciation, amortisation, tax and finance costs (£m)	1,523	1,623
	Net cash from operating activities (£m)	1,545	2,094

(*) This ambition is measured as an index of several measures. Achievement of the target level in each measure would result in a score of 100. The 2014 scores indicate that, on average, the performance during the year was better than target for Nuclear New Build but slightly below target for Nuclear Generation.

STRATEGIC REPORT continued

Results

The profit for the year before taxation amounted to £564m (2013: £751m). The profit for the year after taxation was a profit of £466m (2013: £814m). Dividends of £424m were paid to the parent company, EDF Energy (UK) Limited during the year (2013: £620m).

The consolidated segmental statement which is required by Ofgem provides more detail around profitability of the generation and supply businesses and is available on the Group's website.

Review of the business

Generation

Coal, Gas and Renewable Generation

In the year ended 31 December 2014, Cottam and West Burton A coal-fired power plants generated 19.8TWh of electricity which represents a strong output record in a year of low dark spread conditions during summer, two major outages involving strategic investments and challenging availability performance. West Burton B CCGT generated 4.8TWh in its first full year of commercial operation, helped in part from improved market spark spreads mainly in the second half of the year.

EDF Energy continues to explore and invest in various options to address the commercial, technical, environmental and regulatory challenges that EU legislation presents for existing coal power stations after 2016. The development of the strategy will take into account the outcome of the Capacity Auctions, its emission reduction trials and other related market developments, with a decision regarding which of the Industrial Emissions Directives routes it will take for both plants being made prior to 1 January 2016.

EDF Energy has developed and is in the process of delivering Hill Top Farm fast cycle gas storage facility in Cheshire. Three cavities have been completed and are ready for commercial operation, pending final commissioning of the associated gas plant by EDF Energy. Work is underway to prepare remaining cavities for commercial operation. During 2014, the Group took an impairment of £44m on the Hill Top Farm facility due to a decline in spark spreads. At the start of April 2014, EDF Energy acquired from EDF Trading Limited the Hole House Farm gas storage business, an existing, operational facility located adjacent to Hill Top Farm.

Through EDF Energy Renewables ("EDF ER"), a joint venture between EDF Energy and EDF Énergies Nouvelles ("EDF EN"), EDF Energy is developing its own onshore and offshore wind assets. EDF ER currently operates 28 wind farm sites with a total generation capacity of over 550MW. This includes EDF ER's first offshore wind farm, Teesside, which has an installed capacity of 62MW for 27 turbines and began commercial operation in July 2013, being officially inaugurated in April 2014. During the year, three new wind farms became operational: Roade, Burnfoot North and Barmoor with a total capacity of 23MW.

EDF ER has a pipeline of projects which it is developing and constructing. This includes a 26MW wind farm at Burnhead Moss, Rhodders (12MW) and Park Spring (8.6MW), all three of which are onshore. They are all expected to begin operation during 2015 and 2016. In addition, during 2014, the development rights were also acquired for a demonstrator offshore wind farm project at Blyth.

In December 2014, EDF ER announced the completion of the sale of 80% of Glass Moor II, Rusholme and Green Rigg wind farms to China General Nuclear Power Corporation. As part of the sale, EDF ER will continue to provide asset management and operation and maintenance activities for the wind farms.

EDF Energy also has joint ventures with Eneco, a Dutch energy utility, to develop an offshore wind project to the west of the Isle of Wight, Navitus Bay; and AMEC, a construction group, to develop a 130 MW wind farm at Stornoway on the Isle of Lewis.

During 2014, the Group purchased a 50% stake in some wind farms which were previously wholly owned by EDF EN and sold a 50% stake in its remaining wind farms to EDF EN. The impact of this is that the ownership of all investments in UK wind farms is now split between EDF EN and the Group. This was accounted for as a group restructure as the Group and EDF EN are under common control, and therefore the Group took the available exemptions for a group restructure not to apply acquisition accounting.

STRATEGIC REPORT continued

Nuclear Generation

EDF Energy owns and operates eight nuclear power stations in the UK with a total capacity of 8.9 GW. Seven of the eight nuclear power stations are Advanced Gas-Cooled Reactor (“AGR”) power stations and the eighth is a Pressurised Water Reactor (“PWR”) power station.

Output from the Nuclear Generation fleet for the year ended 31 December 2014, was 56.3TWh, which meets the performance objective of consistently achieving nuclear output above 55TWh, but which was 4.2TWh lower than nuclear output of 60.5TWh for the year ended 31 December 2013. The reduction principally reflects losses at Hartlepool and Heysham 1 from the boiler spine issue discussed further below.

During the Heysham 1 Reactor 1 planned statutory outage in 2013, an unexpected result was found during routine ultrasonic inspection of a boiler spine. Heysham 1 Reactor 1 was returned to service early in 2014 on reduced load with the affected boiler quadrant isolated pending further investigations to confirm the source of the unexpected inspection result. Subsequent more detailed inspections of the affected boiler spine during an outage on Heysham 1 Reactor 1 that commenced in June 2014 confirmed a crack on the boiler spine in the location indicated by the initial findings. As a result, a conservative decision was made to shut down Heysham 1 Reactor 2 and Hartlepool Reactors 1 and 2 that are of similar design to carry out further inspections. Other advanced gas-cooled reactors in the UK have a different and more conventional boiler design without a boiler spine and they are manufactured from different materials. Therefore there is no risk that they could suffer from the same issue. These detailed inspections revealed no further spine defects and Heysham 1 Reactor 2 and Hartlepool Reactors 1 and 2 were returned to service during November/December 2014 at reduced load to manage boiler temperatures in the affected area. Work continues to return all four reactors to full load.

During the year ended 31 December 2014, a programme of planned outages was carried out on the Nuclear Generation fleet. Statutory outages were completed on Dungeness B Reactor 21, Hartlepool Reactor 1, Hunterston B Reactor 4, Sizewell B and Torness Reactor 1. This programme of outages reflects the continued focus on investment to improve the long-term reliability and safe operation of the Nuclear Generation fleet by proactively targeting investment designed to deliver equipment reliability and to reduce the risks of future losses.

In February 2012, EDF Energy announced that it would continue to seek life extensions for all its nuclear power stations where it is safe and commercially viable to do so. Achieving the expectation of an average of eight years’ life extension across the AGR fleet would mean all eight of EDF Energy’s existing nuclear stations would be operational until at least 2023, with three of the seven AGR stations operating until nearer 2030 and Sizewell B, the company’s Pressurised Water Reactor, being operational until 2055. The eight year average life extension expectation is relative to the scheduled closure dates at British Energy acquisition in January 2009.

The power generated by the Nuclear fleet is sold through intra-group transactions in order to allow a single point of optimisation of EDF Energy’s wholesale market exposures. Since April 2010, 20% of the generation output from Nuclear fleet is separately sold to Centrica under the agreements made when Centrica purchased a 20% stake in the Nuclear Generation fleet.

Optimisation and hedging

EDF Energy’s energy purchasing and risk management activities are carried out in accordance with EDF Group’s policies and ensure that EDF Energy’s activities are optimised and its services delivered at a competitive price while limiting its gross margin volatility. The Optimisation division’s purpose is to manage the wholesale market risk of EDF Energy in one place within pre-defined risk limits and control framework. Optimisation compiles the positions and risks provided by the business divisions into a portfolio and manages price and volume risk exposures until delivery. The hedging strategy is designed to reduce gradually the impact of energy market risk over time, consistent with the guidelines of the EDF Group Energy Market Risk Policy. Optimisation is also responsible for balancing portfolio positions and maximising value in the prompt market. All power and commodity sales made by Optimisation are based on market traded prices and products, either from price reporting agencies, or live market prices observed on broker screens. The methodology is designed to reflect as closely as possible the costs and revenues which would be achieved by standalone businesses

Optimisation provides a unique interface with the wholesale markets, via EDF Trading. Optimisation also provides modelling services to all of EDF Energy, as well as negotiating and managing asset backed commercial structures with third parties e.g. Nuclear Decommissioning Authority (“NDA”) and Centrica.

STRATEGIC REPORT continued

Customer Supply

EDF Energy sells energy to two major customer segments: residential customers, described as the Business to Customers customer segment ("B2C"); and business customers, described as the Business to Business customer segment ("B2B") with the size of business customers ranging from large industrial businesses to small privately owned businesses. EDF Energy adopts different risk management strategies for B2C and B2B.

B2C

During the year, EDF Energy supplied 14.5TWh of electricity and supplied 27.7TWh of gas. As at 31 December 2014, EDF Energy had 3.5 million electricity accounts and 2.1 million gas accounts.

Churn rates in the United Kingdom B2C market (the net result of customer losses and acquisitions) remained relatively high compared to other countries, even though there has been a downward trend from the peak of 2008. At the end of September 2014, 17.9 million (63%) of UK B2C electricity customers and 14 million (62%) of UK B2C gas customers were no longer with their original supplier at the time of market liberalisation. During 2014, the B2C market has seen increased competition from smaller suppliers, driven by a significant cost advantage resulting from a steep fall in wholesale prices and the continuing exemptions from regulatory obligations for the smallest suppliers. Small suppliers have also benefited from an increasing amount of political and media attention. Their market share increased to 9% by the end of October 2014, EDF Energy's market share was 11%.

Throughout 2014, EDF Energy expanded its portfolio of Blue tariffs. Its flagship Blue+Price Promise tariff continues to be backed by low carbon nuclear generation, offers customers an innovative price promise, and allows customers to switch tariff, or supplier, without paying an exit fee. Price promise tariffs are backed by a commitment to notify customers if a competitor launches a product that is cheaper by more than £52 per year, i.e. £1 per week. In addition EDF Energy continues to offer customers long term fixed price tariffs (Blue+Price Freeeeze), giving customers the opportunity to fix prices for three years or more. A fixed price tariff for prepayment customers (Blue+Fixed Prepay) has also been launched, giving prepayment customers the opportunity to fix their prices at existing standard variable prices for two years. EDF Energy currently has 2.5 million product accounts on a Blue product.

The falling wholesale market during 2014 has resulted in cheap offers being put into the market and whilst EDF Energy has at times been the cheapest major supplier, it is currently the 4th cheapest. EDF Energy's pricing remains under constant review in order to remain competitive.

The warmer than seasonal normal weather in the first four months and October to November 2014 reduced customers' consumption. For EDF Energy B2C, the total reduction from seasonal norm in 2014 was estimated to be 1,800GWh for gas and 160GWh for electricity. This impacted Gross Margin by £34m which was partially offset by weather hedge payouts in Q1 and Q4 of £8m for which hedge premiums of £4m had been paid.

Following the recovery from the impact of unprecedented sales at the end of 2013 on Customer Services in the first quarter 2014, Customer Services provided a consistently improved level of service for the remainder of the year, with an average of over 55% of calls answered within 60 seconds from May onwards. Similarly, Customer Services have responded to 965k customer emails in 2014 with 56% being answered in 12 hours and 88% in 24 hours. The volume of Live Chats with customers has increased from 7 thousand per week to 24 thousand. The percentage of digital transactions has increased from 55% to 59.4% of all customers transactions. These service levels are reflected in positive Net Promoter Scores for all of our contact channels.

Smart Metering

UK energy suppliers are mandated to deliver the Government's Smart Metering Programme which requires all reasonable steps to be taken to deploy smart electricity and gas meters to 100% of residential and small business customers by the end of 2020. The purpose of the deployment is to enable customers to reduce their usage, cut end-use carbon emissions and unlock supplier savings through more efficient billing and meter reading.

The programme will require EDF Energy's supply business to install an estimated 6.2 million meters, including communications hubs and in-home displays, to all of its domestic and small business customers. This means that at the peak of the mass roll-out, around 1.5 million smart meters are planned to be installed annually, a five-fold increase on the current planned volume of expired meter renewals each year.

STRATEGIC REPORT continued

This is the biggest programme in Customers over the next few years. EDF Energy aims to deliver its obligation more effectively than our competitors, and to maximize the enduring benefit in order to transform the customer relationship.

EDF Energy has already commenced smart meter installations through a series of trials and has placed focus on piloting business capabilities ahead of mass roll out.

B2B

In 2014 B2B retained its leadership position in volume, supplying a total of 36.7 TWh of electricity; 1.8TWh to 184,101 B2B Small and Medium Enterprise ("SME") accounts and 34.9 TWh to 130,852 B2B Industrial and Commercial ("I&C") accounts, reflecting an overall B2B market share of 19.4%. The business continues to be well established in the large, national and multi-site customer segments, and it successfully retained large customers such as Nestle and Nissan and acquired Airbus. This year, the B2B division signed innovative contracts with two water companies, providing them with access to long-term power (Severn Trent Water and South Staffordshire Water on a five year contract term).

Competition across I&C sectors remains fierce. This is demonstrated by the continued erosion of the combined market shares of large suppliers by smaller entrants and the increasing influence of third party intermediaries. This resulted in pressure on energy supply margins for business contracts. This was partially offset by higher margins from other activities such as the provision of low carbon (levy exempt) energy and energy services.

B2B division has invested in a new integrated pricing, billing and metering system for the I&C business. Five migrations have been successfully implemented and the project is aiming to finish in Q1 2015 within its authorised budget.

Nuclear New Build

EDF Energy aims to build up to four new EPR nuclear reactors in the UK: twin reactors at Hinkley Point ("HPC") and possibly a further twin at Sizewell. The plans are conditional on the necessary consents being received, a robust investment framework being in place and the Contract for Difference ("CfD").

Safety is a key focus of the EPR design and for the NNB business unit. The same EPR technology is already being deployed at the new nuclear power station being constructed by EDF at Flamanville in France and at Taishan in China (as part of a joint venture). Using the same technology, adapted for UK requirements, will enable the efficiencies that come with standardisation of design in the construction and operation of a series of plants.

During 2014, the project has been focused on obtaining the required planning, consents and licences for Hinkley Point C; agreeing the CfD, obtaining pre-qualification for the Government's Infrastructure Guarantee Scheme; and concluding agreements with potential equity partners for the project.

On 8 October 2014, the European Commission approved the CfD for HPC. The Commission's decision leaves the key elements of the agreements announced in October 2013 unchanged whilst it has reinforced measures designed to share future benefits with customers.

The total cost estimate has been subject to a thorough internal cost review process as well as a detailed cost verification process with the UK Government's Department for Energy and Climate Change as part of the process to agree the CfD strike price for HPC.

A final investment decision on HPC will only be taken by the Group at the time when it has agreed the full terms of the CfD and the Infrastructure Guarantee with the UK Government and EDF Group has finalised agreements with the investment partners. In addition, the waste transfer contract arrangements must be approved by the European Commission and by the Secretary of State as part of the FDP (Funded Decommissioning Programme) arrangements.

STRATEGIC REPORT continued

Regulatory environment

The sectoral regulator, the Office of Gas and Electricity Markets ("Ofgem"), made a reference to the Competition and Markets Authority ("CMA") for an investigation into the "supply and acquisition of energy in Great Britain" on 26 June 2014. The CMA is the UK's economy-wide competition and consumer authority. Its primary duty is "to promote competition for the benefit of consumers, both within and outside the UK" with the aim "to make markets work well for consumers, businesses and the economy". The CMA is conducting a comprehensive and independent examination of both wholesale and retail markets (covering supply to domestic and small business customers). It is assessing whether there are any features that prevent, restrict or distort competition and, if so, what actions might be required to remedy them. EDF Energy welcomes the investigation as an opportunity to rebuild trust in the energy industry and is fully co-operating with the CMA investigation.

Following the publications on 24 July 2014 of its initial "Statement of Issues" setting out the CMA's initial theories of what might be adversely affecting competition and what might be the adverse outcomes, the CMA has recently published an updated issues statement on 18 February 2015. The two documents set out the framework for the CMA's investigation and the points raised are only topics for investigation rather than findings or conclusions.

The CMA is continuing to undertake detailed analysis and will hold hearings with relevant parties such as EDF Energy over the course of the investigation. As its thinking develops, it will issue further documents prior to the publication of provisional findings. If it were to find provisionally that there was an "adverse effect on competition", it would then start consultation on possible remedies.

The investigation is expected to last approximately 18 months from mid 2014. The CMA is required to publish its final report by the statutory deadline of 25 December 2015.

Principal risks and uncertainties

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

Financial risks

The Group is exposed to a variety of financial risks including commodity price risk, interest rate risk, credit risk, foreign currency risk and liquidity risk. The Group's policy is to use financial instruments to reduce exposure to fluctuations in commodity prices, exchange rates and interest rates. The Group does not enter into or trade financial instruments, including derivatives, for speculative purposes. See note 41 for further details about the financial risks the Group is exposed to.

Margin risk

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.

STRATEGIC REPORT continued

Plant operating risk

Failure of an essential component in any of our generation assets may result in loss of generation through plant outage or restriction to operations. EDF Energy's generating assets have been in service for a significant period and ageing is a significant factor in many areas. Significant plant component failure or failure of a critical non-replaceable plant item may affect the operating lifetime of the station. This risk is mitigated through planned maintenance activities, equipment reliability and plant life extension programmes. There is a potential that the nuclear fleet plant inspection programme findings could lead to significant unknown or unplanned risk which may bring forward early closure.

Project delivery risk

The Group has a significant investment portfolio including large capital projects such as Hinkley Point C and Smart Metering. Poor project performance may result in failure to deliver effectively the investment benefit. Each project of this nature follows specific project management practices including local governance procedures. All significant projects are also subject to central monitoring reviews.

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 Group's business. To minimise this risk, the Group 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 there is a confidential helpline for the use of anyone within the organisation to help eradicate unsafe practices and safeguard our employees.

Political and regulatory risk

Political risk arises in relation to public acceptance of building new nuclear power stations, and specifically around obtaining and maintaining the relevant licences and consents to build, operate and decommission our current and planned generating assets. The industry has been subject to significant changes to the Energy and Retail Market regulation and through the strong political and media attention on the cost of living debate including focus on the affordability of energy. Management are engaged with local residents, regulators and politicians in addressing the safety needs but also the need to meet the current and future national energy demand. Failure to efficiently deliver requirements of the Retail Market Review may affect EDF Energy's reputation and commercial performance. Dedicated programmes are in place to manage the delivery of Smart Meters and ECO and we continue to liaise with DECC to ensure the full implications of these initiatives are understood.

In June 2014, Ofgem referred the energy market to the Competition and Markets Authority (CMA) for a full investigation expected to last until December 2015. The CMA is conducting a comprehensive and independent examination of both wholesale and retail markets (covering supply to domestic and small business customers). It is assessing whether there are any features that prevent, restrict or distort competition and, if so, what actions might be required to remedy them. EDF Energy is fully co-operating with the CMA investigation.

Nuclear liabilities risk

The Group's nuclear liabilities are in respect of costs for the management of spent fuel, nuclear decommissioning and other uncontracted nuclear liabilities. The Government has provided an indemnity to cover liabilities for spent AGR fuel loaded prior to the restructuring effective date of 14 January 2005 and in relation to qualifying uncontracted nuclear and decommissioning liabilities. The Government will also indemnify any future funding shortfall of the NLF (nuclear liabilities fund). The Group continues to be responsible for funding certain excluded or non-qualifying nuclear liabilities (if any) and will not be compensated or indemnified by the NLF and the Secretary of State in relation to such liabilities. At 31 December 2014, the Group did not have any excluded or non-qualifying nuclear liabilities.

Retirement benefit obligations risk

EDF Energy has three defined benefit pension schemes. Low interest rates, the decline in the equity markets and changes in demographic factors have produced actuarial deficits which have led to increased pension expense and cash contributions. EDF Energy and the pension scheme trustees keep investment risk under review, concentrating on prudent asset allocation. See note 40 for more details of pension risks.

STRATEGIC REPORT continued

Reputation risk

EDF Energy has based its brand on its customer commitments, its reputation and building trust. Inappropriate communication made to public and or stakeholders or failure to maintain and demonstrate appropriate standards may result in degradation of the brand. Management has introduced key standards of conduct to provide guidance to all staff when making decisions including the Trust Test and the Better Energy Test. A trust index has been developed and performance of this is monitored along with continuous review of compliance programmes.

The Fukushima accident has significantly increased the focus on safety of Nuclear Power Generation. Another serious incident at a nuclear plant would further damage the reputation of the nuclear industry. EDF Energy's response post Fukushima implements the recommendations of the regulator in full.

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.

Taxation risk

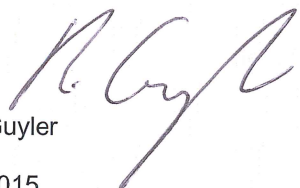
Taxation risk is the risk that the Group suffers losses arising from additional tax charges, financial penalties or reputational damage. These risks could arise from failure to comply with procedures required by tax authorities, the interpretation of tax law, or changes in tax law. The Group has mitigated this risk by the implementation of effective, well documented and controlled processes to ensure compliance with tax disclosure and filing obligations. This is further supported by the use of appropriate advice from reputable professional firms.

Going concern

The Group manages its capital through focusing on its net debt which comprises borrowings (note 0) including finance lease obligations, accrued interest and derivative liabilities relating to debt instruments, less cash and cash equivalents. Given that the Group is a wholly-owned subsidiary, any change in capital structure is often achieved via additional borrowings from its ultimate parent company or other companies within the EDF S.A. group, although the Group has facilities available for third party bond issues.

After making enquiries and reviewing cash flow forecasts and available facilities (note 41) for at least the next 12 months, the Directors have formed a judgement, at the time of approving the consolidated financial statements, that there is a reasonable expectation that the Group 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 Group 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 consolidated financial statements.

On behalf of the Board



Robert Guyler
Director
6 May 2015

DIRECTORS' REPORT

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

Directors and their interests

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

Jean-Bernard Lévy (Chairman)	(appointed 4 February 2015)
Henry Proglio (Chairman)	(resigned 25 November 2014)
Vincent de Rivaz	
Simone Rossi	(resigned 23 February 2015)
Robert Guyler	(appointed 6 May 2015)
Marianne Laigneau	
Hervé Machenaud	
Thomas Piquemal	
Alain Tchernonog	(resigned 2 February 2015)
Pierre Todorov	(appointed 4 February 2015)
Henri Lafontaine	

Simone Rossi was employed by and had a service contract with EDF Energy plc. Robert Guyler is employed by and has a service contract with EDF Energy plc. The remaining Directors are employed by 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. None 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 consolidated financial statements.

Dividends

Dividends of £424m were paid to the parent company during the year (2013: £620m).

The Group determines its dividend payout for the year based on its profitability. The dividend which is ultimately paid out of the UK takes into account the financing commitments of EDF Energy (UK) Limited, the immediate parent company, as well as the Group's dividend payment.

Political contributions

During the year, the Group made no political contributions (2013: £nil).

Future developments

Future developments of the Group are outlined in the Strategic Report.

Use of financial instruments

The use of financial instruments in the Group is outlined in the Strategic Report.

Principal activities

The principal activities of the Group are outlined in the Strategic Report.

DIRECTORS' REPORT continued

Taxation policy

The Group will continue to demonstrate a responsible and honest approach to its tax management. It has adopted a tax policy which is aligned with its stated ambitions and values. The Director of Tax is responsible for implementing the tax policy and reports frequently to the Chief Financial Officer.

Specifically the Group's tax policy includes:

- acting with integrity;
- only undertaking tax planning to ensure legitimate business activities are implemented efficiently, and not to undertake artificial schemes or arrangements;
- maintaining an open, honest and positive working relationship with HMRC; and
- where differences of view arise with regard to the interpretation and application of tax law, the Group is committed to addressing the matter in real-time and resolving the matter with HMRC in a constructive manner.

EDF Energy is a UK group and all Group profits and losses are appropriately taxed or relieved in the UK, regardless of where individual entities were originally incorporated. In addition, the Group seeks to pay the right amount of tax at the right time according to both the letter and spirit of UK tax laws.

The Group chooses to discuss significant transactions with HMRC in advance of their completion, where it feels the tax treatment is uncertain.

Employee involvement

The Group keeps its employees informed on matters affecting them. 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.

Equal opportunities

The Group is fully committed to ensuring that all current and potential future employees and customers are treated fairly and equally, regardless of their gender, sexuality, marital status, disability, race, colour, nationality or ethnic origin. The Group 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.

DIRECTORS' REPORT continued

Auditor

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

1. so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
2. the Director has taken all the steps that he/ she ought to have taken as a Director in order to make himself / herself 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 s418 of the Companies Act 2006.

It is noted that Deloitte LLP as appointed by the members on 4 May 2011 are deemed to be re-appointed as the auditor to the Company for the financial year ending 31 December 2015 in accordance with the provisions of Section 487(2) of the Companies Act 2006 and that the Directors have been authorised to fix the remuneration of the auditor.

On behalf of the Board


Robert Guyler
Director

6 May 2015

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 Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company 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 the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF ENERGY HOLDINGS LIMITED

We have audited the financial statements of EDF Energy Holdings Limited for the year ended 31 December 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 43 of the consolidated financial statements and 1 to 11 of the parent Company financial statements. The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 group's and the parent 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 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 financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 the 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 HOLDINGS LIMITED
continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements to be audited 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 (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountant and Statutory Auditor
Deloitte LLP, London
6 May 2015

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	<i>Note</i>	2014 £m	2013 £m
Revenue	4	8,159	8,311
Fuel, energy and related purchases	6	(4,583)	(4,612)
Gross margin		3,576	3,699
Materials and contracting costs		(336)	(363)
Personnel expenses	8	(822)	(829)
Other operating expenses		(937)	(896)
Other operating income		42	12
Operating profit		1,523	1,623
Gain/(loss) on derivative commodity contracts	5	36	(52)
Depreciation and amortisation	5	(810)	(768)
Impairment	5, 16	(136)	(10)
Profit before tax and finance costs		613	793
Investment income	9	328	348
Finance costs	10	(396)	(444)
Profit on disposal of investments	14	31	56
Share of loss of associates	20	(12)	(2)
Profit before taxation		564	751
Taxation	11	(98)	63
Profit for the year		466	814
Profit attributable to:			
Equity holders of the parent	37	343	627
Non-controlling interest	32	123	187
		466	814

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	<i>Note</i>	2014 £m	2013 £m
Profit for the year		466	814
Items that will not be reclassified subsequently to profit or loss:			
Net actuarial gains / (losses) on defined benefit pensions		38	(121)
Items that may be reclassified subsequently to profit or loss:			
Net gains on cash flow hedges	38	33	42
Total comprehensive income		537	735
Total comprehensive income attributable to:			
Equity holders of the Company		392	563
Non-controlling interest	32	145	172
		537	735

**CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2014**

	Note	2014 £m	2013 £m (i)	2012 £m (i)
Non-current assets				
Goodwill	15	6,723	6,769	6,788
Intangible assets	17	900	922	723
Property, plant and equipment	18	10,202	9,928	9,836
Financial assets	19	618	539	9
Interest in associates	20	45	46	25
NLF and Nuclear Liabilities receivable	22	6,391	6,305	5,379
Derivative financial instruments	28	103	13	46
		24,982	24,522	22,806
Current assets				
Inventories	23	2,349	2,334	2,139
Trade and other receivables	24	1,527	1,530	1,409
Cash and cash equivalents	25	1,585	1,901	1,861
Derivative financial instruments	28	198	45	125
NLF and Nuclear Liabilities receivable	22	321	330	268
Assets held for sale		-	-	195
		5,980	6,140	5,997
Total assets		30,962	30,662	28,803
Current liabilities				
Other liabilities	26	(2,391)	(2,552)	(2,090)
Borrowings	27	(11)	(10)	(776)
Derivative financial instruments	28	(256)	(135)	(212)
Short-term provisions	29	(532)	(558)	(428)
Obligations under finance lease	33	(30)	(37)	(36)
Current tax liability		(40)	(200)	(171)
Liabilities held for sale		-	-	(40)
		(3,260)	(3,492)	(3,753)
Non current liabilities				
Other liabilities	26	(1,340)	(1,549)	(1,713)
Borrowings	27	(1,256)	(1,309)	(152)
Derivative financial instruments	28	(128)	(51)	(56)
Long-term provisions	29	(6,393)	(6,116)	(5,074)
Deferred tax liability	31	(1,314)	(1,309)	(1,509)
Obligations under finance lease	33	(156)	(200)	(222)
Post-employment benefits provision	40	(193)	(313)	(330)
		(10,780)	(10,847)	(9,056)
Total liabilities		(14,040)	(14,339)	(12,809)
Net assets		16,922	16,323	15,994

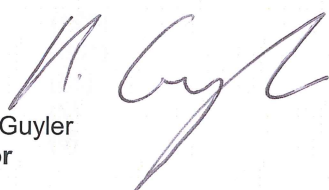
(i) Restated for the impact of the retrospective application of IFRS 10 and IFRS 11. See note 1 for more details.

CONSOLIDATED BALANCE SHEET continued
AT 31 DECEMBER 2014

	<i>Note</i>	2014 £m	2013 £m (i)	2012 £m (i)
Equity				
Share capital	34	13,647	13,051	12,644
Share premium account	35	273	273	273
Capital reserve	35	9	9	9
Hedging reserve	38	(45)	(78)	(120)
Merger reserve	36	(2)	-	-
Retained earnings	37	702	745	649
Equity attributable to equity holders of the Company		14,584	14,000	13,455
Non-controlling interest	32	2,338	2,323	2,539
Total equity		16,922	16,323	15,994

The accounts of EDF Energy Holdings Limited (registered number: 06930266) on pages 17 to 90 were approved by the Board of Directors on 6 May 2015 and were signed on its behalf by:

Robert Guyler
Director



**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	<i>Notes</i>	2014 £m	2013 £m (i)
Net cash from operating activities	39	1,545	2,094
Investing activities			
Purchase of property, plant and equipment		(1,153)	(1,059)
Purchase of carbon and renewable obligation certificates		(545)	(593)
Purchase of other intangible assets		(109)	(107)
Proceeds from divestment of subsidiaries and joint arrangements (note 14)		56	295
Acquisition of subsidiary undertakings		(37)	-
Acquisition of joint arrangements (note 13)		5	-
Increase in long term receivables		(74)	(517)
Interest received		13	8
Purchase of non controlling interests		-	(6)
Net cash used in investing activities		(1,844)	(1,983)
Financing activities			
Dividends paid to parent company		(424)	(620)
Dividends paid to non controlling interests		(130)	(187)
Repayment of obligations under finance leases		(23)	(21)
Interest element of finance lease rental payments		(7)	(9)
Repayment of borrowings		(8)	(125)
New borrowings		-	551
Proceeds on share issue to parent undertakings		596	407
Interest paid		(21)	(67)
Net cash used in financing activities		(17)	(71)
Net (decrease)/increase in cash and cash equivalents		(316)	40
Cash and cash equivalents at 1 January		1,901	1,861
Cash and cash equivalents at 31 December	25	1,585	1,901

(i) Restated for the impact of the retrospective application of IFRS 10 and IFRS 11. See note 1 for more details.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Capital reserve £m	Hedging reserve £m	Merger reserve £m	Retained earnings £m	Total £m	Non- controlling interest £m	Total equity £m
At 31 December 2012	12,644	273	9	(120)	-	647	13,453	2,539	15,992
Restatement (note 1)	-	-	-	-	-	2	2	-	2
At 31 December 2012 restated	12,644	273	9	(120)	-	649	13,455	2,539	15,994
Profit for the year	-	-	-	-	-	627	627	187	814
Other comprehensive (loss)/ income for the year	-	-	-	42	-	(106)	(64)	(15)	(79)
Total comprehensive (loss) / income for the year	-	-	-	42	-	521	563	172	735
Equity dividends paid	-	-	-	-	-	(620)	(620)	(187)	(807)
Issue of capital	407	-	-	-	-	-	407	-	407
Acquisition of non controlling interest	-	-	-	-	-	195	195	(201)	(6)
At 31 December 2013 restated	13,051	273	9	(78)	-	745	14,000	2,323	16,323
Profit for the year	-	-	-	-	-	343	343	123	466
Other comprehensive (loss) / income for the year	-	-	-	33	-	38	71	22	93
Total comprehensive income for the year	-	-	-	33	-	381	414	145	559
Equity dividends paid	-	-	-	-	-	(424)	(424)	(130)	(554)
Issue of capital	596	-	-	-	-	-	596	-	596
Group restructure	-	-	-	-	(2)	-	(2)	-	(2)
At 31 December 2014	13,647	273	9	(45)	(2)	702	14,584	2,338	16,922

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

EDF Energy Holdings Limited (the “Company” or the “parent company”) is a company incorporated and domiciled in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the operations of EDF Energy Holdings Limited and its subsidiaries (the “Group”) and their principal activities are set out in the Strategic and Directors’ Reports on pages 2-13. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

Basis of preparation

In the current year the Group has adopted all applicable IFRS and Interpretations which have been endorsed by the EU (IFRS) and which are relevant to its operations and effective for accounting periods beginning on 1 January 2014.

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments and contingent consideration that are measured at revalued amounts or fair values at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the balance sheet date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are in scope of IFRS 2, leasing transactions in scope of IAS17 and measurements which are similar to fair value but are not fair value such as value in use under IAS36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Adoption of new and revised International Financial Reporting Standards

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet mandatory and therefore not adopted:

- Amendments to IAS 19 Defined benefit plans- employee contributions
- IFRIC 21, ‘Levies’

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet adopted by the European Union:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 10, IFRS 12 and IAS 28: investment entities, applying the consolidation exemption

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

1. General information continued

- Amendments to IAS 1: Disclosure initiative
- Annual improvements to IFRS 2012-2014 Cycle
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture.
- Amendments to IAS 27: Equity method in separate financial statements
- Amendments to IAS 16 and IAS 41: Bearer Plants
- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation.
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in joint ventures

The Group has not yet analysed in detail the impact of the above standards but does not expect a significant impact.

Change in accounting policy during 2014

During the year, the Group adopted IFRS 10, IFRS 11 and IFRS 12. IFRS 10 replaces the consolidated rules in IAS 27 and introduces a new model of control. IFRS 11 replaces IAS 31 and defines the treatment for a joint arrangement where at least two parties share control. IFRS 12 increases the required disclosures for investments in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

The Group's scope of consolidation is not significantly affected by the new definition of control provided by IFRS 10. The Group mainly exercised judgment to assess the situation of the following entities in particular:

- The Group owns 51% of EDF Energy Round 3 Isle of Wight Limited as a result of a group restructure. Consequently, the Group still exerts control over EDF Energy Round 3 Isle of Wight Limited, thus it is fully consolidated into these financial statements.
- The Group owns 50% of Lewis Wind Power Limited as a result of a group restructure. However, the Group only has significant influence over this entity and thus it is equity accounted in these financial statements.

As a result of application of IFRS 11, the Group's joint arrangements are considered as joint operations and proportionally consolidated, except for some non-significant entities which are considered as joint ventures and thus equity accounted.

The principal entities affected by the change to equity method are Navitus Bay Development Limited and Lewis Wind Power Limited.

To determine the appropriate joint arrangement classification for each jointly controlled entity, the Group examined whether the partners benefit from substantially all economic benefits of the assets and are substantially continuously responsible for settlement of liabilities. A joint arrangement is classified as a joint operation when both these conditions are fulfilled, and as a joint venture otherwise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

1. General information continued

The tables below summarise the impact of the changes:

Impact on consolidated balance sheet at 31 December 2012	Amounts reported at 31 December 2012 £m	Impact of change in IFRS 11 £m	Amounts restated 31 December 2012 £m
Balance sheet			
Non-current assets	22,803	3	22,806
Current assets	5,998	(1)	5,997
Total assets	28,801	2	28,803
Current liabilities	(3,753)	-	(3,753)
Non-current liabilities	(9,056)	-	(9,056)
Total liabilities	(12,809)	2	(12,809)
Net assets	15,992	2	15,994

Impact on consolidated balance sheet at 31 December 2013	Amounts reported at 31 December 2013 £m	Impact of change in IFRS 11 £m	Amounts restated 31 December 2013 £m
Balance sheet			
Non-current assets	24,521	1	24,522
Current assets	6,140	-	6,140
Total assets	30,661	1	30,662
Current liabilities	(3,493)	1	(3,492)
Non-current liabilities	(10,847)	-	(10,847)
Total liabilities	(14,340)	1	(14,339)
Net assets	16,321	2	16,323

The entities falling within the scope of this accounting policy change are capital projects and thus have no P&L effect requiring restatement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

2. Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company made up to 31 December each year.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company and using consistent accounting policies as the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated on consolidation. The carrying value of subsidiaries includes the equity investments and long-term loans to subsidiaries.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement at acquisition is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group ceases to control a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including an apportionment of goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities are disposed of.

Parent company financial statements

EDF Energy Holdings Limited, "the Company", has not adopted IFRS and has therefore compiled separate financial statements in accordance with United Kingdom generally accepted accounting practice ("UK GAAP"). These are presented in the Annual Report on pages 91 to 97. No income statement is presented for EDF Energy Holdings Limited in accordance with the exemptions allowed by the Companies Act 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

2. Significant accounting policies continued

Basis of consolidation (continued)

Going concern

The Group manages its capital through focusing on its net debt which comprises borrowings (note 27) including finance lease obligations and accrued interest, cash and cash equivalents and derivative liabilities relating to debt instruments. Given that the Group is a wholly-owned subsidiary, any changes in capital structure are often achieved via additional borrowings from its ultimate parent company or other companies within the EDF S.A. group, although the Group has facilities available for third party bond issues.

After making enquiries and reviewing cash flow forecasts and available facilities (note 41) for at least the next 12 months, the Directors have formed a judgement, at the time of approving the consolidated financial statements, that there is a reasonable expectation that the Group 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 Group 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 consolidated financial statements.

Business combinations

Acquisitions of subsidiaries and businesses, other than those occurring under common control, are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill arising on acquisition is recognised as an asset and is measured as the excess of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement. As part of the acquisition accounting exercise, contracts are identified which represent an asset to the Group (i.e. contract is in the money on acquisition date) or a liability to the group (i.e. contract is out of the money at acquisition date). A contract asset or liability is calculated as the fair value of the contract on the acquisition date and these are credited/charged to the income statement as the contract matures. Contract assets are recognised within intangible assets on the balance sheet and liabilities are included within provisions.

Goodwill

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or to a group of cash generating units, and these are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit, or group of units, is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognised immediately in the income statement and is not reversed in a subsequent period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

2. Significant accounting policies continued

Contingent consideration

The Group has contingent consideration being the Contingent Value Rights notes ("CVR") which were issued to Barclays Bank plc who in turn issued Nuclear Power Notes to subscribing shareholders of EDF Energy Nuclear Generation Group Ltd. The resultant liability is measured at fair value, with any resulting gain or loss recognised against the goodwill which arose on the Nuclear Generation acquisition. The contingent consideration is valued based on the market price of the outstanding notes and will mature in 2019.

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are not recognised, only to the extent that the Group has incurred legal or constructive obligations, or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the Group's share of the fair value of the net identifiable assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited in the income statement in the period of acquisition.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

Interest in joint operations

The Group's interests in its joint operations are accounted for by recognising a proportionate share of the joint operation's assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis.

Where the Group transacts with its jointly-controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint operation.

Foreign currency translation

The functional and presentational currency of the Group is pounds sterling. Transactions in foreign currency are initially recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts to mitigate the risks. (See below for details of the Group's accounting policies in respect of such derivative financial instruments).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

2. Significant accounting policies continued

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue includes amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes.

Energy Supply: Revenue is recognised on the basis of electricity and gas supplied during the period and is attributable to the supply of electricity and gas and meter reading and related services. This includes an estimate of the sales value of units and therms supplied to customers between the date of the last meter reading and the year end, and the invoice value of other goods sold and services provided. Any unbilled revenue is included in trade receivables, net of provision, to the extent that it is considered recoverable, based on historical data.

Interest income: Interest income is recognised as the interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Borrowing costs incurred relating to the construction or purchase of fixed assets are capitalised as below. Depreciation is calculated on a straight-line basis, less any residual value, over the estimated useful life of the asset and charged to income as follows:

Non-nuclear generation assets	–	Up to 40 years
AGR power stations	–	5 to 14 years
PWR power station	–	26 years
Overhaul of generation assets	–	4 years
Freehold land	–	Not depreciated
Other buildings		
-freehold	–	Up to 40 years
-leasehold	–	Lower of lease period or 40 years
Vehicles and mobile plant	–	5 to 10 years
Fixtures and equipment	–	3 to 8 years
Other plant and equipment	–	18 months to 5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

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

Expenditure on major inspection and overhauls of production plant is capitalised, within other plant and equipment, when it meets the asset recognition criteria and is depreciated over the period until the next outage. For AGR power stations, this depreciation period is two to three years, for the PWR power station it is 18 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

2. Significant accounting policies continued

Intangible assets

Brand

The brand is considered to have an indefinite useful economic life and hence is not amortised. It is tested annually for impairment (or more frequently as required) with an impairment recognised in the income statement in the year it arises.

IT software

IT software is initially recognised at cost and is amortised on a straight-line basis over a useful economic life of 3-8 years.

Contract asset

As part of the British Energy acquisition accounting exercise, legacy long-term power contracts were identified which represent an asset to the Group (i.e. contracts which were in the money on acquisition date) or a liability to the group (i.e. contracts which were out of the money at acquisition date). A contract asset or liability was calculated as the fair value of the contract on the acquisition date and these are credited/charged to the income statement as the contract matures. Contract assets were recognised within intangible assets on the balance sheet and liabilities are included within provisions.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Non-current assets and disposal groups classified as held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The Group must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

2. Significant accounting policies continued

Inventories

Inventories 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. Work-in-progress and finished goods are valued using the cost of direct materials and labour plus attributable overheads based on a normal level of activity. Net realisable value represents the estimated selling price less any further costs expected to be incurred in completion and disposal.

Provisions are made for obsolete, slow-moving or defective items where appropriate.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

In instances where the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are the borrowing costs that are capitalised. In instances where the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, a capitalisation rate is applied based on the weighted average cost of general borrowings during the period.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Fuel costs – nuclear front-end

Advanced Gas-cooled Reactors (“AGR”)

Front-end fuel costs consist of the costs of procurement of uranium, conversion and enrichment services and fuel element fabrication. Fabrication costs comprise fixed and variable elements. All costs are capitalised into inventory and charged to the consolidated income statement in proportion to the amount of fuel burnt.

Pressurised Water Reactor (“PWR”)

All front-end fuel costs are variable and are capitalised into inventory and subsequently charged to the consolidated income statement in proportion to the amount of fuel burnt.

Fuel costs – nuclear back end

AGR

Spent fuel extracted from the reactors is sent for reprocessing and/or long-term storage and eventual disposal of resulting waste products. Back-end fuel costs comprise:

- (a) a cost per tonne of uranium in AGR fuel, in respect of amounts payable on loading of fuel into any one of the AGR reactors; and
- (b) a rebate/surcharge against the cost mentioned in (a) above that is dependent on the out-turn market electricity price in the year and the amount of electricity generated in the year.

The loading related cost and the rebate/surcharge is capitalised into inventory and charged to the consolidated income statement in proportion to the amount of fuel burnt.

PWR

Back-end fuel costs are based on wet storage in station ponds followed by dry storage and subsequent direct disposal of fuel. Back-end fuel costs comprise the estimated cost of this process at current prices discounted back to current value. Back-end fuel costs are capitalised into inventory on loading and charged to the consolidated income statement in proportion to the amount of fuel burnt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

2. Significant accounting policies continued

Unburnt fuel at shutdown

Due to the nature of the nuclear fuel process there will be some unburnt fuel in the reactors at station closure. The costs of this unburnt fuel (final core) are fully provided at the balance sheet date. The provision is based on a projected value per tonne of fuel remaining at closure, discounted back to the balance sheet date and recorded as a long-term liability using a pre tax discount rate. The unwinding of the discount each year is charged to finance costs in the income statement. Any adjustment to the provision is recorded through property, plant and equipment and depreciated over the remaining station life.

Nuclear Liabilities Fund (“NLF”) funding arrangements

Under the arrangements in place with the Secretary of State at the Restructuring Effective Date (“RED”), the NLF will fund, subject to certain exceptions, the Group’s qualifying uncontracted nuclear liabilities and qualifying decommissioning costs. To the extent there is any surplus remaining in the NLF after all obligations have been discharged, this amount will be paid to the Secretary of State. The Group is responsible for funding certain excluded or disqualified liabilities and will, in certain circumstances, be required to compensate or indemnify the NLF and the Secretary of State in relation to such liabilities.

The Group makes fixed decommissioning obligations of £20m per annum payable to the NLF which have been recorded as a liability on the consolidated balance sheet at their discounted value and disclosed as the NLF liability. The NLF liability is reduced as payments are made to the NLF. Each year the financing charges in the consolidated income statement include the unwinding of the discount of NLF liabilities required to discharge one year’s discount from the liability.

PWR fuel loaded after RED will increase the qualifying nuclear liability recognised for back end PWR fuel costs and will increase the NLF receivable by a corresponding amount. The difference between the payment of £150,000 (indexed to RPI) per tonne made to the NLF on the loading of PWR fuel and the increase in the liability recognised upon loading of this fuel is matched against back end fuel costs as the loaded tonnes are burned in the PWR reactor.

NLF and nuclear liabilities receivables

The Government indemnity is provided to indemnify any future shortfall on NLF funding of qualifying uncontracted nuclear liabilities (including PWR back end fuel services) and qualifying nuclear decommissioning costs.

In principle, the recognised NLF receivable represents the aggregate value of the Nuclear Liabilities Fund and the Government indemnity such that the receivable equals the present value of the associated qualifying nuclear liabilities. The nature of the process, whereby the Company claims back from the NLF for qualifying liabilities, can cause small timing differences between the receivable and the nuclear liabilities at the balance sheet date.

The Government indemnity is also provided to cover services for spent AGR fuel loaded pre RED. The nuclear liabilities receivable is recognised in respect of the indemnity such that the receivable equals the present value of the associated qualifying nuclear liabilities.

The NLF receivable and the nuclear liabilities receivable are stated in the balance sheet at current price levels, discounted to take account of the timing of payments. Each period the financing charges in the income statement include the revalorisation of these receivables required to match the revalorisation of the nuclear liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

2. Significant accounting policies continued

Nuclear liabilities

Nuclear liabilities represent provision for the Group's liabilities in respect of the costs of waste management of spent fuel and nuclear decommissioning. The provisions represent the Directors' best estimates of the costs expected to be incurred. They are calculated based on the latest technical evaluation of the processes and methods likely to be used in decommissioning, and reflect current engineering knowledge. The provisions are based on such commercial agreements as are currently in place, and reflect the Directors' understanding of the current Government policy and regulatory framework. Given that Government policy and the regulatory framework on which the Group's assumptions have been based is expected to develop and that the Directors' plans will be influenced by improvements in technology and experience gained from decommissioning activities, liabilities and the resulting provisions are likely to be adjusted.

In recognising the costs of generating electricity, accruals are made in respect of the following:

Back end fuel costs

The treatment of back end fuel costs in the consolidated income statement has been dealt with under the accounting policies for fuel costs above. Back end nuclear liabilities cover reprocessing and storage of spent nuclear fuel and the long-term storage, treatment and eventual disposal of nuclear waste. They are based, as appropriate, on contractual arrangements or the latest technical assessments of the processes and methods likely to be used to deal with these obligations under the current regulatory regime. Where accruals are based on contractual arrangements they are included within creditors. Other accruals are based on long-term cost forecasts which are reviewed regularly and adjusted where necessary, and are included within provisions.

Decommissioning of nuclear power stations

The financial statements include provision for the full cost of decommissioning the Company's nuclear power stations. Provision is made on the basis of the latest technical assessments of the processes and methods likely to be used for decommissioning under the current regulatory regime.

Accruals and provisions for back end fuel costs and decommissioning are stated in the balance sheet at current price levels, discounted at a long-term real rate of interest of 3% per annum to take account of the timing of payments. The financing charges in the income statement include the revaluation of liabilities required to discharge one year's discount from provisions made in prior years and restate these provisions to current price levels.

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.

EU Emissions trading scheme and Renewable Obligations Certificates

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. Forward contracts for the purchase or sale of emissions allowances are measured at fair value with gains and losses arising from changes in fair value recognised in the income statement.

The Group is obliged to sell a specific fraction of electricity sales volume to its customers from renewable sources. This is achieved via generation from renewable sources or the through purchase of Renewable Obligation Certificates ("ROCs"). Any purchased certificates are recognised at cost and included within intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

2. Significant accounting policies continued

EU Emissions trading scheme and Renewable Obligations Certificates continued

Any ROCs obtained directly through renewable generation are carried at £nil cost but reduce the Group's outstanding obligations to supply certificates. The Group 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.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged in the income statement on a straight-line basis over the lease term. Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability, with charges being recognised directly in the income statement.

When assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. Lease income is recognised over the term of the lease, on a straight-line basis, using the net investment method, which recognises a constant periodic rate of return. When assets are leased out under an operating lease, assets are carried on the balance sheet based on the nature of the asset.

In compliance with interpretation IFRIC 4, the Group identifies agreements which do not have the legal form of a lease but which convey the right to use an asset or group of specific assets to the purchaser. The purchaser in such arrangements benefits from a substantial share of the asset's production, and payment is not dependent on production or market price.

Such arrangements are treated as leases, and analysed with reference to IAS 17 for classification as either operating or finance leases.

Taxation

The income tax expense included in the consolidated income statement consists of current and deferred tax.

Current tax is based on taxable profits for the financial period, using tax rates that are in force during the period. Taxable profit differs from the accounting profit for the year because it excludes items of income or expense that are taxable or deductible in other financial years, as well as further excluding items that are never taxable or never deductible.

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

Deferred tax arising from the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination, or differences relating to investments in subsidiaries, to the extent that they will probably not reverse in the foreseeable future are not provided for, in line with IAS 12.

Deferred tax assets are recognised to the extent it is probable that future tax profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply for the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged to reserves, in which case the deferred tax is also dealt with in reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

2. Significant accounting policies continued

Retirement benefit costs

The Group operates three defined benefit pension schemes. The cost of providing benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each balance sheet date. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs include current service, past service cost and gains or losses on curtailments and settlements which are included in personnel expenses. It also includes net interest expense which is included in finance costs.

The retirement benefit obligation recognised on the balance sheet represents the deficit or surplus in the Group's defined benefit schemes. Any surplus arising from this calculation is limited to the present value of any economic benefits available in the form of refunds from the scheme or reductions in future contributions to the schemes.

Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and in hand, including short term deposits with a maturity date of three months or less from the date of acquisition and restricted cash. Within the group operates a collective net overdraft facility arrangement ("cash pooling") which permits the offset of cash balances and overdrafts between its subsidiary companies.

Financial instruments

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

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

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

Financial assets

Financial assets are classified into the following specified categories: Financial assets at 'fair value through the profit or loss' (FVTPL); 'held to maturity' investments; 'available for sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the workplace.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

2. Significant accounting policies continued

Financial assets at FVTPL

Financial assets are classified at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is held for trading if it has been acquired principally for the purpose of selling it in the near term; or if on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actually pattern of short-term profit taking; or it is a derivative which is not designated and effective as a hedging instrument.

A financial asset which is not held for trading may be designated as at FVTPL on initial recognition if such a designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or if it forms part of a group of financial assets and/or financial liabilities which is managed on a fair value basis in accordance with the Group's risk management strategy; or it is part of a contract which contains an embedded derivative.

Financial assets at FVTPL are stated at fair value with any gains or losses on remeasurement recognised in profit or loss.

Available for sale financial assets

Available for sale financial assets comprise non-consolidated equity investments. On initial recognition, available for sale financial assets are recorded at fair value plus transaction costs attributable to their acquisition. They are subsequently readjusted to fair value at each reporting date through other comprehensive income.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold until maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest rate method less any impairment.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are initially measured at original invoice amount and are subsequently measured at fair value. An allowance is recognised in the income statement for irrecoverable amounts when there is evidence that the asset is impaired. The allowance is calculated as the difference between the carrying amount and the expected future cash flows from the asset.

Interest income is recognised by applying the effective interest rate except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets other than those at FVTPL are tested for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the asset have been impacted.

De-recognition of financial assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

2. Significant accounting policies continued

Financial Liabilities and equity

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

Financial liabilities are classified as either financial liabilities 'at FVTPL' or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is held for trading if it has been incurred principally for the purpose of repurchasing it in the near term; or if on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actually pattern of short-term profit taking; or it is a derivative which is not designated and effective as a hedging instrument.

A financial liability which is not held for trading may be designated as at FVTPL on initial recognition if such a designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or if it forms part of a group of financial assets and/or financial liabilities which is managed on a fair value basis in accordance with the Group's risk management strategy; or it is part of a contract which contains an embedded derivative.

Financial assets at FVTPL are stated at fair value with any gains or losses on remeasurement recognised in profit or loss.

Other financial liabilities

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

Derivative financial instruments

The Group enters into financial instruments to manage its exposure to fluctuations in foreign exchange rates, interest rates and commodity prices (including gas, coal, carbon and electricity), including FX forwards, interest rate swaps and forward sales and purchases of energy or commodities. Further details of derivative financial instruments are disclosed in note 41.

Forward sales and purchases of commodities and energy are considered to fall outside the scope of IAS 39 when the contract concerned is considered to qualify as "own use". This is demonstrated to be the case when the following conditions have been met:

- a physical delivery takes place under all such contracts;
- the volumes purchased or sold under the contracts correspond to the Group's operating requirements; and
- the contracts are not considered as written options as defined by the standard.

Commodity forward contracts not qualifying as 'own use' which also meet the definition of a derivative are within the scope of IAS 39. This includes both financial and non-financial contracts.

Derivatives and other financial instruments are measured at fair value on the contract date 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 income statement as they arise. Changes in the fair values of derivative financial instruments that are designated as hedges of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

2. Significant accounting policies continued

Derivative financial instruments continued

future cash flows are recognised directly in equity with any ineffective element being recognised immediately in the income statement, as explained further below.

The use of derivatives and other financial instruments is governed by the Group's policies and approved by the Senior Leadership Team. The Group does not use derivatives and other financial instruments for speculative purposes.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract, and the host contract is not carried at fair value with changes in fair value recognised in profit or loss.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as cash flow 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 various hedge transactions. Furthermore, at the inception of the hedge, and on an on-going basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

The Group classifies hedges in the following categories:

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included within cost of sales for commodity contracts, and investment revenue or finance costs for financing instruments.

Amounts previously recognised in other comprehensive income and accumulated in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

3. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, some critical accounting judgements have been applied by management and some balances are based on estimates.

Revenue recognition

Revenue includes an estimate of the sales value of units supplied to customers between the date of the last meter reading and the year end. This is calculated by reference to data received through the third party settlement systems, as described further below, together with estimates of consumption not yet processed through settlements and selling price estimates. These estimates are sensitive to the assumptions used in determining the portion of sales not billed and based on actual meter readings at the reporting date.

Revenue is valued at average pence per unit, and any unbilled revenue is treated as an unbilled debtor. This figure is adjusted based on a judgement of the likelihood of collecting the outstanding debt based on historical data.

Industry reconciliation process – fuel and energy purchases

The cost of electricity and gas purchases is reported in line with the latest settlement data provided by the industry system operators, which itself includes an inherent degree of estimation, depending on the maturity of that data. The industry reconciliation process allocates purchase volumes and associated settlement costs between suppliers based on a combination of estimated and metered customer consumption. Over time, as more actual reads become available and replace previous consumption estimates, the allocation of volumes and costs between suppliers is updated through the industry reconciliation process, and becomes continually more accurate as a result.

Provisions for impairment of receivables and inventories

Provisions are made against bad and doubtful debts, unbilled revenue and obsolete stock. Provision against debtors is estimated based on applying a percentage provision rate to the aged debt book at the end of each period. The provision rates are based on the comparison of historical rates of collection compared to billing data. Any over-statement or under-statement of the provision is essentially a timing difference to the actual write-off level. Provision is made against stock taking account of the age of the asset, using predefined formulae derived from actual experience.

Decommissioning provisions (non-nuclear stations)

The Group has provided for decommissioning its three non-nuclear power stations. These provisions are based on the experience of other companies within the EDF Group, adjusted for specific issues associated with each power station and are discounted to the present value of future payments. Expected future costs of decommissioning are monitored to ensure that the provision remains at an adequate level. Further information about decommissioning provisions can be found in note 29.

Decommissioning and spent nuclear fuel provisions

The consolidated financial statements include provision for the full cost of decommissioning the Group's nuclear power stations. Provision is made on the basis of the latest technical assessments of the processes and methods likely to be used for decommissioning under the current regulatory regime. Expected future costs of decommissioning are monitored to ensure that the provision remains at an adequate level. Further information about decommissioning and spent nuclear fuel provisions can be found in note 30.

The pension deficit is calculated by independent qualified actuaries, based on actual payroll data and certain actuarial assumptions. These actuarial assumptions are made to model potential future costs and benefits and include: life expectancy, rates of returns on plan assets, inflation, discount rate and expected retirement age. These assumptions are reviewed on an annual basis and may change based on current market data. Further information is available about pensions in note 40.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

3. Critical accounting judgements and key sources of estimation uncertainty continued

Goodwill and asset impairment

The Group performs impairment testing of goodwill on an annual basis and on other assets where there is an indication of potential impairment. The impairment review involves a number of assumptions including discount rates, output values, asset lives and forward power prices. The long term nature of the Group's assets and the unique and early stage nature of the Group's Nuclear New Build projects in particular, increases the level of uncertainty involved. Further detail on the assumptions used in the calculation can be found in note 16.

Fair value measurement

Some of the Group's assets and liabilities, principally derivative financial instruments, are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Group uses market-observable data to the extent that it is available. Where level 1 inputs are not available, the Group uses valuation techniques to determine fair values which are based on observable market data.

All derivative financial instruments are valued using a discounted cash flow. Future cash flows are estimated based on forward rates (from observable rates at the end of the reporting period) and contract forward rates, discounted at rate that reflects the credit risk of the counterparties. Similar valuation methodologies are used for commodity forward contracts, foreign currency forward contracts, cross currency swaps and interest rate swaps. There are no significant unobservable inputs into the valuation.

4. Revenue

An analysis of the Group's revenue is as follows:

	Year ended 2014 £m	Year ended 2013 £m
Sales of goods and services	8,155	8,306
Other revenue	4	5
	8,159	8,311
Investment revenue (note 9)	14	8
Total revenue	8,173	8,319

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

5. Profit for the year

	2014 £m	2013 £m
Profit for the year has been arrived at after charging/(crediting) the following gains and losses:		
Research and development costs	38	41
Personnel expenses (note 8)	822	829
Auditor's remuneration for audit services (see below)	2	2
Auditor's remuneration for non-audit services (see below)	1	2
Net foreign exchange losses	7	4
Impairment of property, plant and equipment (note 16)	136	-
Impairment of goodwill and disposal group (note 16)	-	10
Amortisation of intangible assets (note 17)	51	48
Depreciation of property, plant and equipment (note 18)	759	720
Cost of inventories recognised as expense	684	797
(Gains)/losses on derivative commodity contracts	(36)	52
Gains on derivative foreign exchange contracts (note 9)	(11)	-
Operating lease rentals	24	26
Movement in bad debt provision (note 24)	(4)	21
Impairment losses recognised on trade receivables	67	69
Reversal of impairment losses recognised on trade receivables	(3)	(5)

The analysis of Auditor's remuneration is as follows:

	2014 £m	2013 £m
Fees payable to the Company's auditor for the audit of the Company's and the Group's accounts	0.4	0.4
For the audit of the Company's subsidiaries pursuant to legislation	1.1	1.1
Total audit fees	1.5	1.5
Other assurance services	0.1	0.1
Tax advisory	0.5	0.2
Other services	0.1	0.1
Advisory services re NNB funded decommissioning plan	0.6	1.1
Total non audit fees	1.3	1.5
Total fees	2.8	3.0

6. Fuel, energy and related purchases

	2014 £m	2013 £m
Purchase of energy	2,343	2,442
Distribution and transmission	1,561	1,477
Carbon certificates	118	205
Renewable obligation certificates	481	387
Unwinding of nuclear fuel asset	66	70
Other energy related purchases	14	31
Total fuel, energy and related purchases	4,583	4,612

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

7. Directors' remuneration

Two of the Directors receive remuneration for services to the Group and their remuneration is disclosed below. The remaining Directors are remunerated by the parent company and do not receive any emoluments for services to the Group.

	2014	2013
	£m	£m
Aggregate remuneration	1.3	1.3
Amounts receivable under long-term incentive schemes	0.3	0.4
<hr/>		
Total remuneration excluding expatriate related benefits	1.6	1.7
Expatriate related benefits	0.5	0.5
Total remuneration	2.1	2.2

	2014	2013
	Number	Number
Members of defined benefit pension scheme	1	1

	2014	2013
	£m	£m
Remuneration payable to the highest paid Director was as follows:		
Aggregate remuneration	0.6	0.7
Amounts receivable under long-term incentive schemes	0.3	0.3
<hr/>		
Total remuneration excluding expatriate related benefits	0.9	1.0
Expatriate related benefits	0.3	0.3
Total remuneration	1.2	1.3

The aggregate remuneration includes basic salary and amounts receivable under annual incentive schemes.

The remuneration of all Directors disclosed above will also be included in the financial statements of EDF Energy plc for the year ended 31 December 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

8. Personnel expenses

Staff costs arising in the year, including Directors' emoluments were as follows:

	2014	2013
	£m	£m
Wages and salaries	691	685
Social security costs	67	66
Pension costs (note 40)	189	166
Severance	8	12
Less capitalised cost	(133)	(100)
	822	829

The monthly average number of employees during the year was as follows:

	2014	2013
	Number	Number
Nuclear Generation business unit	-	5,958
Generation business unit	6,371	-
Customers business unit	7,302	-
Energy Sourcing and Customer Supply business unit	-	7,760
Nuclear New Build business unit	410	465
Corporate and Steering functions	950	967
	15,033	15,150

With effect from 1 January 2014, the Energy Sourcing and Customer Supply business unit 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 unit. The employee numbers above reflect these changes.

9. Investment income

	2014	2013
	£m	£m
Interest on bank deposits	9	5
Other finance income	5	3
Total investment revenue	14	8
Fair value gains of foreign currency derivatives	11	-
Unwinding of discount on fair value contracts (note 17)	-	2
Unwinding of discount on NLF receivable	303	338
Total other investment income	314	340
Total investment income	328	348

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

10. Finance costs

	2014 £m	2013 £m
Interest on bank loans and overdrafts	15	11
Interest on bonds	25	17
Finance charges payable under finance leases	6	9
Finance lease model adjustment	(27)	-
Unwinding of discount on provisions (note 29)	284	298
Unwinding of discount on NLF payable	82	107
Pension scheme interest (note 40)	17	7
Credit fees	-	6
Foreign exchange losses	7	4
Total finance cost	409	459
Less: amounts included in the cost of qualifying assets	(13)	(15)
Total borrowing costs	396	444

11. Tax on profit on continuing ordinary activities

(a) Analysis of tax charge / (credit) in the year

Current tax	2014 £m	2013 £m
UK corporation tax on profits made in the year	186	219
Adjustments in respect of previous years' reported tax charges	(49)	(53)
Total current tax charge for the year	137	166
Deferred tax	2014 £m	2013 £m
Current year credit	(51)	(38)
Adjustments in respect of previous years' reported tax charges	12	22
Effect of decreased tax rate on opening liability	-	(213)
Total deferred tax credit for the year (note 30)	(39)	(229)
Income tax charge / (credit) reported in consolidated income statement (note 11(b))	98	(63)

The adjustments to previous years' reported current and deferred tax charges relate primarily to the release of provisions for uncertain tax positions which have now been agreed with HMRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

11. Tax on profit on continuing ordinary activities continued

(b) The income tax credit for the year can be reconciled to the profit per the consolidated income statement as follows:

	2014 £m	2013 £m
Profit before tax	564	751
Tax at the UK corporation tax rate of 21.5% (2013: 23.25%)	121	175
Effect of:		
Non-deductible expenses and non-taxable income	14	(1)
Current year effect of deferred tax rate change		7
Decreased tax rate on opening deferred tax liability	-	(213)
Adjustment to prior-year corporation tax charge	(49)	(53)
Adjustment to prior-year deferred tax charge	12	22
<hr/>		
Income tax charge / (credit) reported in consolidated income statement	98	(63)

Reconciliation of current UK corporation tax on profits made in the year:

	2014 £m	2013 £m
Profit before tax	564	751
Expected tax at the UK corporation tax rate of 21.5% (2013: 23.25%)	121	175
Adjusted for:		
<i>Permanent differences:</i>		
- Non-taxable gains on sale of subsidiary	(7)	(13)
- Non-qualifying depreciation	7	6
- Other permanent differences	9	7
<i>Temporary differences:</i>		
-Qualifying depreciation	195	173
-Capital allowances	(152)	(158)
-Movement in provisions	1	1
-Mark to market financial instruments (only taxed/relieved on realisation)	(10)	12
-Amortisation of fair value adjustments on business acquisitions	14	16
-Movement in pension provisions	6	2
-Other temporary differences	2	(2)
<hr/>		
Current UK corporation tax on profits made in the year (note 11(a))	186	219
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Current year effective corporation tax rate	33.0%	29.2%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

11. Tax on profit on continuing ordinary activities continued

UK tax law exempts some forms of income from tax and denies relief for some forms of expense in this financial period. The impact of the income and expense may be deferred until future financial years.

Permanent differences are expenses that are not deductible and income that is not taxable in the calculation of corporation tax in this financial year or any other financial year.

Temporary differences are differences between accounting profit and taxable profit other than permanent differences, for example timing differences. Timing differences are expenditure or income that are recognised in the calculation of corporation tax in one financial year and are recognised in the accounts in a different financial year. The recognition in the accounts may be before or after the financial year in which the expenditure or income is recognised in the calculation of corporation tax.

(c) Other factors affecting the tax charge for the year

Deferred tax follows the accounting treatment of the underlying item on which deferred tax is being provided and hence is booked within equity if the underlying item is booked within equity.

In the current year a deferred tax charge of £38m (2013: £33m) has been recognised in reserves. The majority of this is a charge of £30m (2013: £13m) in respect of pension movements and a charge of £9m (2013: £19m) which relates to gains arising on derivative instruments.

A current tax credit of £16m (2013: £49m) has also been recognised in reserves. £16m (2013: £39m) is in respect of pension movements. In 2013, £10m was recognised in respect of Energy Company Obligations ("ECO") one-off costs, which have been released through equity due to a change in accounting policy following the issuance of IFRIC 21.

Changes to the main rate of corporation tax were announced in The 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 liability at 31 December 2014 has been calculated at 20% (31 December 2013: 20%) as this is the rate at which the reversal of the deferred tax liability is expected to occur.

(d) The total UK tax contribution in the year is analysed below by type of tax:

	2014 £m	2013 £m
Taxes collected on behalf of the Government:		
VAT collected on sales (output VAT)	2,090	2,823
VAT paid on taxable purchases (input VAT)	(2,204)	(2,916)
PAYE & employees' NIC	196	196
Climate change levy (CCL)	32	130
Total taxes collected on behalf of the Government	114	233

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

11. Tax on profit on continuing ordinary activities continued

Taxes borne by the Group:	2014	2013
	£m	£m
Corporation tax payments made in respect of the year	61	53
Corporation tax payments made in respect of prior years	42	61
Corporation tax refunds received in respect of prior years	(33)	(84)
Employers' NIC	68	66
Business rates	70	73
Carbon price support	147	60
Other	1	-
Total taxes borne by the Group	356	229

On 1 July 2014 the domestic reverse charge was introduced for wholesale energy supplies. For VAT reporting purposes, EDF Energy are required to self-account for output VAT on wholesale energy purchases; an equal amount of input VAT is recoverable, giving a net VAT position of nil. This charge has been excluded from the output VAT and input VAT shown above.

Neither VAT nor CCL currently have a significant impact on the Group's operating profit. The Group recovers VAT paid on its taxable purchases and collects VAT on behalf of the Government from its residential customers at the prescribed rate of 5% and from its business customers at 20%. The difference in recovery and collection rates resulted in a net VAT repayment due back to the Group from HMRC, as a refund of taxes already paid by the Group on purchases, as reflected in the table above.

An indication of the net VAT income to the UK exchequer as a result of EDF Energy's economic activity is the VAT paid on the bills of residential customers as a residential customer cannot reclaim this VAT from the UK exchequer, unlike a business customer. In 2014 this was £164m (2013: £170m) and is included within VAT collected on sales above.

CCL is a levy collected by the Group, on behalf of the Government, and is chargeable on the VAT inclusive supply of gas and electricity to business customers that have not been classified as renewable. This has reduced substantially compared to the prior year due to the sale of less power on which CCL must be charged.

The carbon price support is a tax on fossil fuels used to generate electricity, which came into effect on 1 April 2013. This has increased substantially compared to the prior year as the rate doubled on 1 April 2014 compared to the rate as at 1 April 2013. Also, the payments are made one month after the end of the quarter to which they relate and therefore in 2013 only two payments were made, whereas four payments were made in 2014.

The current year corporation tax expense (note 11(a)) and the total cash corporation tax paid (above) in each financial year are different, principally because the cash paid in respect of the UK corporation tax charge for a financial year is in quarterly instalments which straddle two consecutive financial years. For example, the cash paid in 2014 in respect of corporation tax comprised the final two quarterly instalments in respect of 2013 and the first two quarterly instalments in respect of 2014.

Where differences of view arise with HMRC with regard to the interpretation and application of tax law, the Group may prudently cover these risks via cash payments to HMRC. Where resolution of these differences in a subsequent period gives rise to repayments of the corporation tax paid, these amounts are included above, within 'Corporation tax (refunds) received in respect of prior years'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

11. Tax on profit on continuing ordinary activities continued

An analysis of how the UK corporation tax on profits made in the year (note 11(a)) will be settled is shown below:

Breakdown of current year corporation tax payable

	2014 £m	2013 £m
UK corporation tax on profits made in year (note 11 (a))	186	219
UK corporation tax relief on costs charged to reserves (note 11(c))	(16)	(49)
Net current year corporation tax payable	170	170
Corporation tax payments made in respect of the year	61	53
Corporation tax payments to be made in the following year	57	45
Payments to be made for current year losses surrendered from associated EDF companies not included within these financial statements	52	72
Net current year corporation tax payable	170	170

UK tax laws allow the transfer of current year corporation tax losses between companies within a group, to relieve profits arising within the current year in the same tax group, via group relief. Payments for group relief are typically made at the statutory tax rate.

12. Dividends

	2014 £m	2013 £m
Amounts recognised as distributions to equity holders in the period :		
Interim dividend paid to parent company (note 37)	424	620
Interim dividend paid by subsidiary to non-controlling interests (note 32)	130	187
	554	807

The interim dividend to the parent company represents 3.1p per Ordinary share (2013: 4.8p).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

13. Group restructure

In 2014, two UK group restructures took place, resulting in the creation of a merger reserve. The first restructure in January 2014 was to bring the majority of renewable assets in the UK under the ownership of EDF Energy Renewables Holdings Limited, a joint arrangement of the UK Group. This resulted in the disposal of certain 100% owned assets, and the acquisition of certain new renewable assets at 50%. These transactions took place with EDF Énergies Nouvelles, another subsidiary of the EDF SA group. At EDF SA group level, this transaction had no impact.

The second restructure in April 2014 involved the purchase of EDF Energy Hole House Storage Limited, from EDF Trading Limited, another subsidiary of the EDF SA group. This brought all EDF owned UK gas storage assets into the Group. At EDF SA group level, this transaction had no impact.

The nature of both of these transactions involved companies under common control of EDF SA and therefore the Group took advantage of the available exemptions to transfer the assets at book value and not apply acquisition accounting.

The net assets of these group restructures at the date of acquisition is summarised below:

	Windfarms	Gas Storage	Total
£m			
Property, plant and equipment (note 18)	15	46	61
Goodwill (note 15)	-	1	1
Cash	5	-	5
Trade and other receivables	4	2	6
Total assets	24	49	73
Other liabilities	(11)	(9)	(20)
Deferred tax provisions (note 31)	(3)	(6)	(9)
Corporation tax liabilities	-	(1)	(1)
Provisions (note 29)	(1)	(4)	(5)
Total liabilities	(15)	(20)	(35)
Net assets	9	29	38

The consideration paid for the acquisition of renewable assets was £23m, with £12m received for the disposal of renewable assets. The consideration paid for gas storage assets was £29m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

14. Disposals

Disposal of investments

On 15 December 2014, the Group disposed of 80% of its investments in Glass Moor II Windfarm Limited, Rusholme Windfarm Limited and Green Rigg Windfarm Limited as a single transaction, which resulted in these entities becoming associates rather than joint operations.

The assets and liabilities sold as part of the sale of these windfarms are shown below:

£m	Windfarms
Property, plant and equipment (note 18)	39
Trade and other receivables	4
Total assets	43
Deferred tax provisions (note 31)	(3)
Corporation tax liabilities	-
Provisions (note 29)	(1)
Intra-group loans	(24)
Total liabilities	(28)
Net assets sold	15
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Cash proceeds:	
Consideration for equity shares	37
Repayment of shareholder loans	19
Net cash proceeds	56
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Profit on disposal:	
Consideration for equity shares	37
Net assets disposed	(15)
Recognition of associate at fair value	9
Profit on disposal of investments	31
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

15. Goodwill

	£m restated
Carrying amount	
At 31 December 2012	6,788
Change in value of CVR instrument	(19)
At 31 December 2013	6,769
Acquisition (note 13)	1
Change in value of CVR instrument	(47)
At 31 December 2014	6,723

2012 and 2013 restated for the impact of the retrospective application of IFRS 10 and IFRS 11. See note 1 for more details.

16. Impairment

Breakdown of impairments recognised

	2014 £m	2013 £m
Impairment of property, plant and equipment	136	-
Impairment of disposal group	-	10
	136	10

The impairment of £10m in 2013 relates to further impairment taken in the Sutton Bridge disposal group prior to sale.

In 2014, the impairment of property, plant and equipment relates to the CCGT plant at West Burton and the gas storage facilities at Hill Top Farm.

In view of the substantial decline in spark spreads in 2014, the CCGT plant and Hill Top Farm were subjected to an impairment test. For the CCGT station, a recoverable amount of £729m was calculated based on the fair value less costs to sell, against a carrying value of £821m which resulted in an impairment of £92m. The fair value was estimated based on discounted cash flows over its expected useful life. The main assumptions used for the calculation were the discount rate and forward power and gas prices. The discount rate was derived from an after-tax rate of 6.7% (2013: 6.8%).

For Hill Top Farm, a recoverable amount of £158m was calculated based on the value in use, against a carrying value of £202m which results in an impairment of £44m. For the gas storage assets, the impairment of £44m was calculated as the difference between a value in use of £158m versus a book value of £202m. The main assumptions used for the calculation were the discount rate and forward power and gas prices and volatility of forward gas prices.

Additionally in 2014, an impairment of £11m was recognised against Barking Power Limited, included in investments in associates (note 20).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

16. Impairment continued

Impairment testing of goodwill

Since 2013, goodwill has been tested for impairment based on a single group of cash generating units comprising substantially all of the Group's business. This is in line with the integrated generator/supplier model used by the Group.

During the year, impairment testing has been carried out on the goodwill balance with the recoverable amount based on the fair value less costs to sell. The fair value of the cash generating unit has been calculated using a discounted cash flow method based on the assumptions in the Group's four-year medium-term plans, then its long term plans. This fair value calculation is considered as a Level 3 calculation because it includes internal cash flow projections which are not either directly or indirectly observable.

The principal assumptions used for the discounted cash flow are the discount rate, the growth rate, forward power prices, generation output as well as assumptions around the construction of a twin EPR at Hinkley Point C.

An estimated growth rate of 2.4% (2013: 2.5%) is used, other than for finite life generation assets, which is based on current information and industry norms and is the rate used in the Group's four-year medium-term plans and long-term plans. The estimated fair value less costs to sell is based on post-tax discounted cash flows, using a discount rate derived from an after-tax rate of 6.7% for goodwill. This discount rate is a weighted average cost of capital based EDF SA's cost of capital for UK activities.

The assumptions regarding long term electricity prices in the United Kingdom take account of the need to develop new generation facilities to meet demand from 2020, especially due to the retirement of the coal-fired power stations, and an expected recovery in nuclear power by that time. It was assumed that the greenhouse gas emission quota prices used for the impairment tests were determined on a basis that reflects energy market reforms.

The generation output included in the discounted cash flow assumes the extension of useful economic lives of existing nuclear reactors consistent with their depreciation lives and the commissioning of a twin EPR at Hinkley Point C. The discounted cash flows associated with the new EPR is based on the contract for difference ("CfD") between the Group and the British government. The CfD sets stable predictable prices for the Group: if market prices fall below the CfD exercise price, EDF Energy will receive an additional payment and if market prices are above the CfD price, then EDF Energy would refund the difference. The expected contribution of the twin EPR has a significant impact on the recoverable amount of the goodwill because it is expected to generate cash flows over a sixty year period from commissioning.

The Group has conducted sensitivity analysis on the impairment test of goodwill based on its assessment of reasonably possible changes in the principal assumptions, pursuant to which the most significant other assumption was identified to be the discount rate, and in particular the appropriate discount rate for Hinkley Point C. Given the nature of the project, the estimation of the appropriate discount rate and the fair value attributable to that project is a key source of estimation uncertainty. An increase in the discount rate applied to the cash flows arising on the twin EPR from 6.7% to up to circa 9% would still result in a recoverable amount in excess of the carrying amount of the goodwill. A 9% discount rate is considered a reasonable sensitivity for a blended discount rate for what is a construction phase project followed by a sixty year generating phase. Post commissioning, particularly taking into account the favourable impact of the CfD on price volatility, the appropriate discount rate would be below that which would be applicable during the pre-commissioning phase. Accordingly 9% is considered by management to represent a reasonable sensitivity for the purpose of a long term valuation.

An increase in the discount rate to 7.2% across all cash flows included in the impairment test, would still result in a recoverable amount in excess of the carrying value for goodwill. Likewise if the output assumption from the existing nuclear fleet is reduced from the long term plan assumptions to a median of the output achieved over the past three years (58.9TWh) it would still result in a recoverable amount in excess of the carrying value for goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

17. Intangible assets

	EU Emissions trading certificates £m	Renewable obligations certificates £m	IT software £m	Licence £m	Brand £m	Sales contracts £m	Total £m
Cost							
At 31 December							
2012 restated	116	44	560	38	200	24	982
Additions	205	388	109	-	-	-	702
Transfers	-	-	34	-	-	-	34
Disposals	(116)	(320)	(59)	-	-	-	(495)
Divestment	-	-	(34)	-	-	-	(34)
Unwinding of discount	-	-	-	-	-	2	2
Unwinding of contract	-	-	-	-	-	(22)	(22)
At 31 December 2013 restated	205	112	610	38	200	4	1,169
Additions	118	427	109	-	-	-	654
Disposals	(205)	(416)	(29)	-	-	-	(650)
Unwinding of contract	-	-	-	-	-	(4)	(4)
At 31 December 2014	118	123	690	38	200	-	1,169
Amortisation							
At 31 December							
2012 restated	-	-	(255)	(4)	-	-	(259)
Charge for year	-	-	(47)	(1)	-	-	(48)
Disposals	-	-	59	-	-	-	59
Divestment	-	-	1	-	-	-	1
At 31 December 2013 restated	-	-	(242)	(5)	-	-	(247)
Charge for year	-	-	(50)	(1)	-	-	(51)
Disposals	-	-	29	-	-	-	29
At 31 December 2014	-	-	(263)	(6)	-	-	(269)
Carrying amount							
At 31 December 2014	118	123	427	32	200	-	900
At 31 December 2013	205	112	368	33	200	4	922

2012 and 2013 restated for the impact of the retrospective application of IFRS 10 and IFRS 11. See note 1 for more details.

The disposal of the EU Emissions trading certificates and the renewable obligations certificates relates to the surrender of the certificates on the settlement date for the compliance period. The licence is a licence to develop and operate a gas storage facility. The Sales contracts were acquired as part of the British Energy group and were initially recognised at fair value. They have been unwound over the life of these legacy contracts, which have now expired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

18. Property, plant and equipment

	Land and buildings	Network assets	Generation assets	Nuclear power stations	Other plant and equipment	Equipment and fittings	Assets in the course of construction	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Cost								
At 31 December 2012 restated	334	18	1,711	8,437	586	179	2,508	13,773
Additions	-	-	1	-	-	-	1,057	1,058
Transfers	146	3	1,157	181	198	18	(1,737)	(34)
Decommissioning	-	-	(4)	-	-	-	-	(4)
Divestment	-	-	(77)	-	-	-	-	(77)
Revaluation of final core provision	-	-	-	(134)	-	-	-	(134)
Disposals	-	(3)	-	-	(137)	-	-	(140)
Transfer to assets held for sale	-	-	(3)	-	-	-	-	(3)
At 31 December 2013 restated	480	18	2,785	8,484	647	197	1,828	14,439
Additions	-	-	3	2	-	-	1,148	1,153
Transfers	3	3	209	289	444	33	(981)	-
Decommissioning	-	-	7	-	-	-	-	7
Divestment (note 14)	-	-	(45)	-	-	-	-	(45)
Revaluation of final core provision	-	-	-	(11)	-	-	-	(11)
Disposals	-	-	(2)	(22)	(71)	(67)	-	(162)
Group restructure (note 13)	2	-	33	-	60	-	2	97
At 31 December 2014	485	21	2,990	8,742	1,080	163	1,997	15,478
Accumulated depreciation								
At 31 December 2012	(8)	(6)	(1,207)	(2,300)	(271)	(145)	-	(3,937)
Charge for year	(5)	(3)	(128)	(404)	(161)	(19)	-	(720)
Divestment	-	-	3	-	-	-	-	3
Disposals	-	3	-	-	137	-	-	140
Transfer to assets held for sale	-	-	3	-	-	-	-	3
At 31 December 2013	(13)	(6)	(1,329)	(2,704)	(295)	(164)	-	(4,511)
Charge for year	(7)	(2)	(153)	(384)	(191)	(22)	-	(759)
Divestment (note 14)	-	-	6	-	-	-	-	6
Impairment	-	-	(136)	-	-	-	-	(136)
Disposals	-	-	-	22	71	67	-	160
Group restructure (note 13)	-	-	(14)	-	(22)	-	-	(36)
At 31 December 2014	(20)	(8)	(1,626)	(3,066)	(437)	(119)	-	(5,276)
Carrying amount								
At 31 December 2014	465	13	1,364	5,676	643	44	1,997	10,202
At 31 December 2013 restated	467	12	1,456	5,780	352	33	1,828	9,928

2012 and 2013 restated for the impact of the retrospective application of IFRS 10 and IFRS 11. See note 1 for more details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

18. Property, plant and equipment continued

The carrying amount of the Group's generation assets includes an amount of £59m (2013: £69m) in respect of assets held under finance leases.

During 2014, the Group carried out an impairment review of its West Burton CCGT and Gas Storage facility at Hill Top Farm in light of falling spark spreads. This led to an impairment of £92m and £44m respectively being recognised in 2014 to bring the carrying value in line with the recoverable amount. See note 16 for further details.

The remaining assets under construction mainly relate to the nuclear new build activities relating to Hinkley Point.

19. Financial assets

	Non-Current	Current	Non-Current	Current	Non-Current	Current
	2014	2014	2013	2013	2012	2012
	£m	£m	£m	£m	£m	£m
			restated	restated	restated	restated
Available-for-sale investments						
Interest in insurance fund	11	-	11	-	-	-
Loans receivable at amortised cost						
Loan to associates	22	2	28	2	9	1
Loan to parent company	580	-	500	-	-	-
Loan to third party	5	-	-	-	-	-
Total financial assets	618	2	539	2	9	1

The loan granted to EDF SA is repayable in December 2016 for £500m is at 3 months LIBOR plus 23.5 bp. In 2014, an additional £80m loan was granted to EDF SA at 1 year LIBOR less 0.05 bp in relation to the BEG pension deficit.

The current element of the loan to associates is included within the trade receivables in note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

20. Interest in associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts in associates' financial statements prepared in accordance with IFRSs.

	Fallago Rig Windfarm Limited	
	2014	2013
	£m	£m
Current assets	18	22
Non-current assets	152	160
Current liabilities	(3)	(7)
Non-current liabilities	(117)	(140)
Net assets	50	35
Equity attributable to owners of the Company	45	32
Non-controlling interest	5	3
Sales	34	33
Profit for the year	15	3
Group's share of profit for the year	1	-
Dividend received from associate during the year*	-	8

*Dividend received prior to reduction of ownership from 50% to 10%.

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements.

	Fallago Rig Windfarm Limited	
	2014	2013
	£m	£m
Net assets of associate	50	35
Group's ownership interest	5	3
Goodwill	17	17
Carrying amount of the Group's interest	22	20

Aggregate information of associates that are not individually material:

	2014	2013
	£m	£m
The Group's share of loss from operations	(13)	(2)
Aggregate carrying amount of the Group's interest in associates	23	26

Total of all associate balances:

	2014	2013
	£m	£m
The Group's share of loss from operations	(12)	(2)
Aggregate carrying amount of the Group's interest in associates	45	46

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

20. Interest in associates continued

Details of the Group's associates at 31 December 2014 are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership of ordinary shares %	Proportion of voting power held %	Type
Scintilla Re	Luxembourg	20.0%	20.0%	Associate
Navitus Bay Development Limited	United Kingdom	25.5%	25.5%	Associate
Lewis Wind Power Limited	United Kingdom	50.0%	50.0%	Associate
Fallago Rig Windfarm Limited	United Kingdom	10.0%	10.0%	Associate
Green Rigg Windfarm Limited	United Kingdom	10.0%	10.0%	Associate
Rusholme Windfarm Limited	United Kingdom	10.0%	10.0%	Associate
Glass Moor II Windfarm Limited	United Kingdom	10.0%	10.0%	Associate
Barking Power Limited	United Kingdom	18.6%	25.0%	Associate

The associates are all held indirectly and included within these consolidated accounts.

Barking Power Limited has a reporting date of 31 March. Fallago Rig Windfarm Limited has a reporting date of 30 June. In both cases, the financial information presented in these financial statements are aligned with the controlling shareholder.

On 15 December 2014, the Group announced the completion of the reduction in ownership from 50% to 10% in Glass Moor II Windfarm Limited, Rusholme Windfarm Limited and Green Rigg Windfarm Limited to China General Nuclear Power Corporation (CGN) as a single transaction. This sale has led to a change in the level of control exerted by the Group over the entities, which has resulted in them ceasing to be considered as a joint operation, and instead the companies have been accounted for as an associate since this date.

21. Interests in joint operations

The Group has the following interests in joint operations at 31 December 2014:

Name of joint operation	Place of incorporation and operation	Proportion of ownership of ordinary shares %	Proportion of voting power held %
EDF Energy Renewables Limited (*)	United Kingdom	50.0%	50.0%
Braemore Wood Windfarm Limited (*)	United Kingdom	50.0%	50.0%
Royal Oak Windfarm Limited (*)	United Kingdom	50.0%	50.0%
Bicker Fen Windfarm Limited (*)	United Kingdom	50.0%	50.0%
Burnfoot Windfarm Limited (*)	United Kingdom	50.0%	50.0%
Fairfield Windfarm Limited (*)	United Kingdom	50.0%	50.0%
Boundary Lane Windfarm Limited (*)	United Kingdom	50.0%	50.0%
Walkway Windfarm Limited (*)	United Kingdom	50.0%	50.0%
Teesside Windfarm Limited (*)	United Kingdom	50.0%	50.0%
Longpark Windfarm Limited (*)	United Kingdom	50.0%	50.0%
Road Windfarm Limited (*)	United Kingdom	50.0%	50.0%
Burnhead Moss Windfarm Limited (*)	United Kingdom	50.0%	50.0%
EDF Energy Renewables Holdings Limited (*)	United Kingdom	50.0%	50.0%
Barmoor Wind Power Limited (*)	United Kingdom	50.0%	50.0%
Blyth Offshore Demonstrator Limited (*)	United Kingdom	50.0%	50.0%
Fenland Windfarms Limited (*)	United Kingdom	50.0%	50.0%
Cemmaes Windfarm Limited (*)	United Kingdom	50.0%	50.0%
Llangwryfon Windfarms Limited (*)	United Kingdom	50.0%	50.0%
Great Orton Windfarm II Limited (*)	United Kingdom	50.0%	50.0%
Cold Northcott Windfarm Limited (*)	United Kingdom	50.0%	50.0%
First Windfarm Holdings Limited (*)	United Kingdom	50.0%	50.0%
High Hedley Hope Wind Limited (*)	United Kingdom	50.0%	50.0%
Red Tile Wind Limited (*)	United Kingdom	50.0%	50.0%
Kirkheaton Wind Limited (*)	United Kingdom	37.5%	37.5%

(*) Joint venture with EDF Énergies Nouvelles, another subsidiary of EDF SA.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

21. Interests in joint operations continued

The joint operations are all included within these consolidated accounts.

On 28 October 2014, EDF ER acquired a 100% interest in Blyth Offshore Demonstrator Limited from a third party, of which the Group's 50% share was accounted for as an asset acquisition.

The share of the assets, liabilities, revenue and expenses of the joint operations which are included in the consolidated financial statements are as follows:

	2014 £m	2013 £m
Current assets	81	36
Non-current assets	304	293
Total assets	385	329
Current liabilities	(74)	(24)
Non-current liabilities	(181)	(219)
Net assets	130	86
Revenue	40	26
Cost of sales	-	(9)
Administrative expenses	(5)	(9)
Finance costs	(10)	(15)
Profit/(loss) before income tax	25	(7)
Income tax (charge)/credit	(1)	1
Net profit/(loss)	26	(6)

22. NLF and nuclear liabilities receivable

	2014 £m	2013 £m
Non current assets		
Nuclear liabilities receivable	1,164	1,329
NLF receivable	5,227	4,976
Total non current NLF and nuclear liabilities receivables	6,391	6,305
Current assets		
Nuclear liabilities receivable	217	229
NLF receivable	104	101
Total current NLF and nuclear liabilities receivables	321	330
Total NLF and nuclear liabilities receivables	6,712	6,635

The NLF receivable asset represents amounts that will be reimbursed by the NLF in respect of the qualifying nuclear liabilities recognised at the balance sheet date.

The nuclear liabilities receivable asset represents amounts due under the historical British Nuclear Fuels Limited contracts which will be reimbursed by the Government.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

23. Inventories

	2014 £m	2013 £m
Raw materials and consumables	422	362
Levy exemptions certificate	-	17
Unburnt nuclear fuel	1,610	1,639
Other nuclear fuel and uranium	306	309
Work in progress	11	7
	2,349	2,334

24. Trade and other receivables

	2014 £m	2013 £m restated	2012 £m restated
Trade receivables (i)	1,036	988	784
Allowance for doubtful debts (ii)	(163)	(167)	(146)
Unbilled revenue	464	560	549
Loans to associates (note 19)	2	2	1
Amounts owed by other Group companies	-	-	1
Other debtors	139	56	129
Advance payments	49	91	91
	1,527	1,530	1,409

2012 and 2013 restated for the impact of the retrospective application of IFRS 10 and IFRS 11. See note 1 for more details.

i. The majority of trade receivables are non-interest bearing and are generally on 14-day terms for residential customers. Interest is applied to major accounts when the accounts become overdue. For further information relating to related party receivables, refer to note 42. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

ii. Movement in the allowance for doubtful debts:

	2014 £m	2013 £m
At 1 January	167	146
Amounts recovered during the year	(1)	-
(Decrease)/increase in allowance recognised in profit or loss	(3)	21
At 31 December	163	167

The ageing of overdue debt is as follow:

Ageing	Gross trade receivables overdue £m	Allowance for doubtful debts £m	Net trade receivables overdue £m	Weighted average days
< 30 days	97	-	97	3
31-60 days	43	-	43	0
61-90 days	35	-	35	2
> 90 days	374	(163)	211	335
Total	549	(163)	386	340

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

24. Trade and other receivables continued

Provisions have been established against these balances to the extent that they are not considered recoverable, and in accordance with the Group's policy on bad debt provisioning. See note 41 for further details on bad debt provisions and credit risks.

25. Cash and cash equivalents

	2014	2013	2012
	£m	£m	£m
		restated	restated
Cash at bank and in hand	113	20	71
Short-term deposits	10	12	63
Cash pooling with intermediate parent company	1,462	1,869	1,727
	1,585	1,901	1,861

2012 and 2013 restated for the impact of the retrospective application of IFRS 10 and IFRS 11. See note 1 for more details.

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is £1,585m (2013: £1,901m). EDF Energy plc, a subsidiary of the Group operates a collective net overdraft facility arrangement which permits the offset of cash balances and overdrafts between its subsidiary companies.

The Group cash balance includes £12m (2013: £10m) of cash which must be maintained as a minimum cash balance in some entities, in accordance with contractual obligations with financial institutions.

26. Other liabilities

	2014	2013	2012
	£m	£m	£m
		restated	restated
Trade creditors	1,357	1,499	1,174
Other payables	193	264	154
Accruals	606	542	459
NLF liabilities	18	17	16
Nuclear liabilities (note 30)	217	229	241
Interest payable	-	1	46
Total other liabilities due within one year	2,391	2,552	2,090
Contingent consideration	51	97	116
Nuclear liabilities (note 30)	1,164	1,315	1,451
NLF liabilities	113	125	135
Unfunded pension scheme	12	12	11
Total other liabilities due after more than one year	1,340	1,549	1,713
Total other liabilities	3,731	4,101	3,803

2012 and 2013 restated for the impact of the retrospective application of IFRS 10 and IFRS 11. See note 1 for more details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

26. Other liabilities continued

Trade creditors are non-interest bearing and are normally settled on 30 to 60-day terms, with the exception of energy purchases which are usually settled on market terms within 14 days. Other payables are non-interest bearing.

The contingent consideration relates to the CVRs which were issued to Barclays Bank plc, who in turn issued Nuclear Power Notes to subscribing ex-shareholders of EDF Energy Nuclear Generation Group Ltd. They are measured at fair value, with any resulting gain or loss recognised against the goodwill associated with the acquisition.

27. Borrowings

	2014 £m	2013 £m
EDF Energy Renewables (i)	11	10
Total borrowings due within one year	11	10
€800m Eurobond due June 2023 (ii)	623	667
£500m bank loan due December 2016 (iii)	500	500
EDF Energy Renewables (i)	133	142
Total borrowings due within more than one year	1,256	1,309
Total borrowings	1,267	1,319

All borrowings are denominated in sterling and valued at amortised cost unless otherwise stated. With the exception of the EDF Energy Renewables borrowings, the borrowings are unsecured, see below.

- (i) The renewable joint operation companies use loans in order to finance their investment in new windfarms. These loans have maturity dates between 2021 and 2031 and are a mix of both floating and fixed rate instruments. The interest payable on these loans is based on LIBOR 6 months plus margins between 1.89% and 3.00% for the floating rate instruments and between 5.8% and 6.7% for the fixed rate loans.
- (ii) On 27 June 2013 a new ten year Eurobond was entered into for €800m with fixed interest rate of 2.811% which has been swapped into a sterling bond of £684m with fixed interest payable at 3.643%. The bond is carried at the sterling equivalent of €800m at the balance sheet date.
- (iii) The £500m facility agreement was put in place with Lloyds Bank plc as part of the UK Government Lending Scheme on 19 December 2013. It was drawn in full on 20 December 2013 at an interest rate of LIBOR 3 months plus margin 0.2%, maturing in July 2015 with an option to extend for a further 17 months which was exercised in December 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

28. Derivative financial instruments

	2014 £m	2013 £m
Current		
Derivatives that are designated as hedging instruments in a cash flow hedge:		
Commodity purchase contracts	(79)	(78)
Foreign currency forward contracts	(6)	(18)
Derivatives at fair value through profit and loss (FVTPL):		
Commodity purchase contracts	23	9
Foreign currency forward contracts	4	(3)
Total current derivative financial instruments	(58)	(90)
Split by:		
Current assets	198	45
Current liabilities	(256)	(135)
Non-current		
Derivatives that are designated as hedging instruments in a cash flow hedge:		
Commodity purchase contracts	15	(13)
Interest rate swap contracts	(4)	-
Cross-currency interest rate swaps	(40)	(7)
Foreign currency forward contracts	(1)	(7)
Derivatives at fair value through profit and loss (FVTPL):		
Commodity purchase contracts	2	(9)
Foreign currency forward contracts	3	(2)
Total non-current derivative financial instruments	(25)	(38)
Split by:		
Non-current assets	103	13
Non-current liabilities	(128)	(51)
Total derivative financial instruments	(83)	(128)

Further details of derivative financial instruments are provided in note 41. The change in fair value of derivatives related to commodity purchases classified at fair value through the income statement is separately disclosed on the face of the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

29. Provisions for liabilities

The movements in provisions during the current year are as follows:

	At 31 December 2013	Utilised in the year	Released in the year	Arising during the year	Unwinding of discount	Group restructure	Divestment	At 31 December 2014
	£m	£m	£m	£m	£m	£m	£m	£m
Obligations under EU emissions	204	(204)	-	118	-	-	-	118
Renewable obligation certificates	315	(436)	-	501	-	-	-	380
Decommissioning on non-nuclear assets	55	-	-	7	2	5	(1)	68
Onerous contracts	1	(1)	-	-	-	-	-	-
Restructuring costs	22	(8)	-	6	-	-	-	20
Nuclear (note 30)	5,072	(42)	-	36	229	-	-	5,295
Provision for unburnt fuel at station closure	988	(11)	-	-	53	-	-	1,030
Other costs	17	(4)	(6)	7	-	-	-	14
	6,674	(706)	(6)	675	284	5	(1)	6,925

The provisions have been split as follows:

	At 31 December 2014			At 31 December 2013		
	Current	Non-current	Total	Current	Non-current	Total
	£m	£m	£m	£m	£m	£m
Obligations under EU emissions	118	-	118	204	-	204
Renewable obligation certificates	380	-	380	315	-	315
Decommissioning on non-nuclear assets	-	68	68	-	55	55
Onerous contracts	-	-	-	-	1	1
Restructuring	20	-	20	22	-	22
Nuclear	-	5,295	5,295	-	5,072	5,072
Provision for unburnt fuel at station closure	-	1,030	1,030	-	988	988
Other provisions	14	-	14	17	-	17
	532	6,393	6,925	558	6,116	6,674

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

29. Provisions for liabilities continued

The provisions for obligations under EU emissions represent the additional certificates required to cover the Group's carbon emissions. It is expected that this provision will be utilised in 2015 because the Group is required to provide carbon certificates on an annual basis.

The provision for renewable obligations certificates represents the additional certificates required to cover the Group'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 decommissioning provision is to provide for the future costs of decommissioning the non-nuclear generation assets including Cottam and West Burton power stations, and the wind farm assets. This provision has been calculated on a discounted basis with the discount unwound over the current remaining period to decommissioning, between 2019 and 2035. See note 30 for further information relating to the nuclear liability provisions.

The provision for onerous contracts represents the difference between the projected rental income from various properties and the amounts payable by the Group for those properties under currently existing contracts. It also included onerous contract provisions for electricity volume contracts which were fair valued at the acquisition of British Energy.

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.

Due to the nature of the nuclear fuel process there will be some unburnt fuel in the reactors at station closure. The costs of this unburnt fuel (final core) are fully provided for at the balance sheet date. The provision is based on a projected value per tonne of fuel remaining at closure, discounted back to the balance sheet date and recorded as a long term provision. Any adjustment to the provision is recorded through property, plant and equipment and depreciated over remaining station life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

30. Nuclear liabilities

Restructuring Agreements were originally entered into on 14 January 2005 as part of the restructuring of the former British Energy Group of companies (hereafter referred to as "the EDF Energy Nuclear Generation Group") carried out from 2002 under the authority of the UK Government in order to stabilise the financial situation of the EDF Energy Nuclear Generation Group.

By virtue of these restructuring agreements:

- the Nuclear Liabilities Fund ("NLF"), an independent trust set up by the UK Government as part of the restructuring, agreed (at the direction of the Secretary of State) to fund, to the extent of its assets: (i) qualifying uncontracted nuclear liabilities (including liabilities in connection with the management of spent fuel at the Sizewell B power station); and (ii) qualifying costs of decommissioning in relation to the existing nuclear power stations owned and operated by EDF Energy Nuclear Generation Limited;
- the Secretary of State agreed to fund: (i) qualifying uncontracted nuclear liabilities (including liabilities in connection with the management of spent fuel at the Sizewell B power station) and qualifying costs of decommissioning, in each case in relation to the existing nuclear power stations owned and operated by EDF Energy Nuclear Generation Limited, to the extent that they exceed the assets of NLF; and (ii) subject to a cap of £2,185 million (in December 2002 monetary values, adjusted accordingly), qualifying contracted liabilities for the EDF Energy Nuclear Generation Group's spent fuel (including in particular liabilities for management of AGR waste from spent fuel loaded prior to 15 January 2005); and
- EDF Group is responsible for funding certain excluded or disqualified liabilities (mainly liabilities incurred in connection with an unsafe or careless operation of the power stations) and the potential associated obligations of its subsidiaries to the NLF and the Secretary of State are guaranteed by the principal members of the EDF Energy Nuclear Generation Group.

	Spent fuel £m	Radioactive waste £m	Decommissioning £m	Total £m
At 31 December 2012	1,892	484	3,261	5,637
Unwinding of the discount	109	30	199	338
Accounting life extension	-	(6)	(88)	(94)
Operating costs	8	4	-	12
Updated cash flows	77	363	557	997
Payments in the period	(274)	-	-	(274)
At 31 December 2013	1,812	875	3,929	6,616
Unwinding of the discount	88	40	175	303
Operating costs	5	3	-	8
Updated cash flows	29	-	-	29
Payments in the period	(280)	-	-	(280)
At 31 December 2014	1,654	918	4,104	6,676

Nuclear liabilities are included in the balance sheet as follows:

	2014 £m	2013 £m
Other liabilities:		
- amounts due within one year (note 26)	217	229
- amounts due after more than one year (note 26)	1,164	1,315
Provision for liabilities (see note 29)	5,295	5,072
	6,676	6,616

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

30. Nuclear liabilities continued

Spent fuel

Spent fuel represents all costs associated with the ongoing storage and treatment of spent fuel and the products of reprocessing. Cash flows for AGR spent fuel services relating to fuel loaded into reactors up to RED are based on the terms of the Historic Liability Funding Agreement (HLFA) with BNFL. The pattern of payments within the HLFA is fixed (subject to indexation by RPI) at RED and will be funded by the Government under the Government indemnity.

Other cash flows in respect of spent fuel services relating to storage of AGR and PWR fuel are based on cost estimates derived from the latest technical assessments and are funded by the NLF.

Radioactive waste

Radioactive waste comprises the provision of services relating to the transport and disposal of waste arising from the decommissioning of PWR and AGR stations, and the transport and disposal of spent fuel and associated wastes. These liabilities are derived from the latest technical estimates and are funded by the NLF.

Decommissioning

The costs of decommissioning the power stations have been estimated on the basis of ongoing technical assessments of the processes and methods likely to be used for decommissioning under the current regulatory regime. The estimates are designed to reflect the costs of making the sites of the power stations available for alternative use in accordance with the Group's decommissioning strategy. These liabilities are also funded by the NLF.

Extension of accounting life

During 2013 the discounted decommissioning liabilities reduced following the extension of the accounting life of Dungeness B by 10 years. This has reduced the discounted nuclear decommissioning liabilities by circa £90m. The Government has indemnified the Group for any future shortfall of NLF funding in respect of qualifying decommissioning costs and therefore the reduction in discounted nuclear decommissioning liabilities is fully offset by a corresponding decrease in the NLF receivable. As a result there is no net impact for this change in the profit and loss account.

During 2014 there were no amendments made to the accounting lives of the stations.

Updated cost estimates

During 2013, nuclear liabilities increased by £997m, reflecting an updated suite of Baseline Decommissioning Plans (BDP) as well as an update to the Uncontracted Liabilities Discharge Plans (UCLDPs). The updated BDPs and UCLDPs were approved by the Nuclear Decommissioning Authority as required by the NLFA.

During 2014, nuclear liabilities increased by £29m, reflecting latest available scope and schedule information regarding the Sizewell Dry Fuel Store project. The updated Annual Liabilities Review (ALR2), which reflected this change, was approved by the Nuclear Decommissioning Authority in May 2014.

Projected payment details

Based on current estimates of station lives and lifetime output projections, the following table shows, in current prices, the likely undiscounted payments, the equivalent sums discounted to reflect the time value of money and the amounts accrued to date.

	Spent fuel £m	Radioactive waste £m	Decomm- issioning £m	2014 Total £m	2013 Total £m
Undiscounted	2,486	6,029	12,531	21,046	20,996
Discounted	1,719	966	4,103	6,788	6,735
Accrued to date	1,654	918	4,104	6,676	6,616

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

30. Nuclear liabilities continued

The difference between the undiscounted and discounted amounts reflect the fact that the costs concerned will not fall due for payment for a number of years. The differences between the discounted amounts and those accrued to date will be charged to the profit and loss account over the remaining station lives since they relate to future use of fuel. A discount rate of 3.0% pre tax real rate has been applied during 2014 and 2013.

Under the terms of the historical contracts with BNFL referred to above and in accordance with the projected pattern of payments for decommissioning and other liabilities, taking account of the decommissioning fund arrangements described in note 2, the undiscounted payments in current prices are expected to become payable as follows:

	Spent fuel	Radioactive waste	Decomm- issioning	2014 Total	2013 Total
	£m	£m	£m	£m	£m
Within five years	1,069	-	-	1,069	1,132
6 – 10 years	515	2	517	1,034	853
11 – 25 years	405	340	4,595	5,340	5,398
26 – 50 years	81	542	1,450	2,073	2,202
51 years and over	416	5,145	5,969	11,530	11,411
	2,486	6,029	12,531	21,046	20,996

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31. Deferred tax

As disclosed in 11 b), the accounting profit is adjusted for permanent differences and temporary differences in order to calculate the corporation tax charge disclosed in the accounts. Temporary differences arise due to a difference in the carrying amount that an asset or liability is recognised at under accounting standards compared to the carrying amount for tax purposes. Deferred tax is recognised on the difference. The difference for each asset or liability varies over time and at some point in the future there will be no difference. The increase/reduction in the difference between the end of this financial year and the previous financial year impacts the deferred tax recognised on the difference and the movement in the deferred tax is taken to the income statement or equity as a deferred tax charge/credit. Due to accounting standards, deferred tax is required to be recognised on items that are disclosed in the accounts but that do not impact the Group's cash tax paid to HMRC, such as fair value adjustments booked on the acquisition of business.

The following are the major deferred tax (liabilities) and assets recognised by the Group and movements thereon during the current and prior reporting period:

	Accelerated tax depreciation £m	Retirement benefit obligations £m	Fair value of derivative instruments £m	Other £m	Total £m
At 31 December 2012	(1,524)	78	27	(90)	(1,509)
Credit/(charge) to income:					
o current year	14	2	14	11	41
o less: element of current year credit relating to assets held for sale	(2)	-	-	-	(2)
o adjustments in respect of previous years' reported tax charges	(18)	(2)	1	-	(19)
o effect of decreased tax rate on opening liability	200	-	-	13	213
(Charge) to equity					
o current year	-	(4)	(14)	(1)	(19)
o effect of decreased tax rate on opening liability	-	(9)	(5)	-	(14)
At 31 December 2013	(1,330)	65	23	(67)	(1,309)
Reallocation:	(48)	-	-	48	-
Credit/(charge) to income:					
o current year	41	6	(9)	13	51
o adjustments in respect of previous years' reported tax charges	(11)	-	-	(1)	(12)
(Charge) to equity					
o current year	-	(30)	(8)	-	(38)
Acquisition of companies under common control (note 14)	(9)	-	-		(9)
Business disposals (note 13)	3	-	-	-	3
At 31 December 2014	(1,354)	41	6	(7)	(1,314)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31. Deferred tax continued

The Group has unrecognised tax losses of £10m (2013: £24m). The losses give rise to a deferred tax asset of £2m (2013: £5m) which has not been recognised in respect of these losses as it is uncertain whether future taxable profits will be available against which these losses can be utilised. These losses can however be carried forward indefinitely for offset against future profits.

All deferred tax assets and liabilities have been offset since there is considered to be a legally enforceable right to do so. The following is the analysis of the deferred tax balances (before offset) for financial reporting purposes:

	2014	2013
	£m	£m
Deferred tax assets	46	87
Deferred tax liabilities	(1,360)	(1,396)
At 31 December	(1,314)	(1,309)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

32. Non-controlling interest

The only material non-controlling interest in the Group is included in Lake Acquisitions Limited, whose principle activities take place in the United Kingdom. Lake Acquisitions Limited is 80% owned by the Group, which reflects the voting rights.

Summarised consolidated financial information in respect of Lake Acquisitions Limited and its subsidiaries is set out below. The summarised financial information below represents amounts before intra-group eliminations with the rest of the Group.

	2014	2013
	£m	£m
Current assets	2,765	2,857
Non-current assets	18,545	18,605
Total assets	21,310	21,462
Current liabilities	950	1,061
Non-current liabilities	8,678	8,801
Equity attributable to owners of the Company	11,682	11,600
Total equity and liabilities	21,310	21,462
Sales	3,103	3,225
Profit for the year	623	938
Profit attributable to owners of the Company	500	751
Profit attributable to the non-controlling interests	123	187
Profit for the year	623	938
Total other comprehensive income attributable to owners of the Company	86	(98)
Total other comprehensive income attributable to the non-controlling interests	22	(15)
Total other comprehensive income for the year	108	(113)
Dividends paid to non-controlling interest	(130)	(187)
Net cash inflow from operating activities	1,072	1,157
Net cash (outflow) from investing activities	(500)	(429)
Net cash (outflow) from financing activities	(650)	(934)
Net cash (outflow)	(78)	(206)
The cumulative non-controlling interest position for the Group is shown below:		
	2014	2013
	£m	£m
Balance at beginning of year	2,323	2,539
Profit arising during the year	123	187
Other comprehensive income: actuarial gains/(losses) on pension scheme, net of tax	22	(15)
Total comprehensive income	145	172
Dividends paid	(130)	(187)
Re-purchase of non-controlling interest	-	(201)
Balance at end of year	2,338	2,323

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

33. Commitments

Capital and other commitments

At 31 December 2014, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £802m (2013: £696m) and contractual commitments for the acquisition of intangible assets of £nil (2013: £nil).

At 31 December 2014, the Group had contracted to purchase power, gas and other fuel to the value of £2,941m (2013: £3,073m).

Operating lease commitments given

Future minimum rentals payable under non-cancellable operating leases relating to land and buildings as at 31 December are as follows:

	2014 £m	2013 £m
Within one year	15	19
After one year but not more than five years	49	56
More than five years	51	59
Future lease charges	115	134

Operating lease commitments received

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2014 £m	2013 £m
Within one year	-	3
After one year but not more than five years	1	2
More than five years	-	4
Future lease receivables	1	9

Finance lease commitments

The Group has finance leases for various items of property, plant and machinery. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2014 £m	2013 £m	2014 £m	2013 £m
Within one year	31	37	30	37
After one year but not more than five years	138	151	124	137
More than five years	38	77	32	63
	207	265	186	237
Less: future finance charges	(21)	(28)		
Present value of minimum lease payments	186	237		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

33. Commitments continued

The Group's finance lease commitments relate to the Cottam power station which is accounted for as a finance lease with another company within the EDF S.A. group. The term ends in 2020 and had an effective interest rate of 1.6% per quarter at inception. Repayments under the lease are re-calculated quarterly and no arrangements have been entered into for contingent rental payments. Contingent rental payments of £7m (2013: £8m) were paid in the year. The lease is denominated in sterling.

Contingent liabilities

The Group has given letters of credit and guarantees to the value of £211m (2013: £89m) in relation to HMRC obligations, BEGG pension guarantees, performance of contractual obligations and credit support for energy trading and use of distribution systems. Various companies within the Group have given guarantees and an indemnity to the Secretary of State for Business, Innovation and Skills, and the Nuclear Liabilities Fund in respect of their compliance with, among other agreements, the Nuclear Liabilities Funding Agreement. They have also provided a debenture comprising fixed and floating charges in respect of any decommissioning default payment.

The British Energy acquisition was subject to certain conditions, including Approval from the European Commission under the European Community merger regulation ("ECMR"). The only condition that remains outstanding is the requirement to sell minimum volumes of electricity on the UK wholesale market. The Group has undertaken the sale of electricity on the wholesale market for the period 2012-2015. These sales continue to be carefully monitored by the European Commission.

34. Share capital

Issued, called up and fully paid	2014 Number	2013 Number	2014 £m	2013 £m
Ordinary shares of £1.00 each	13,647,477,252	13,051,477,252	13,647	13,051

During 2014, 596,000,000 shares were authorised, issued and fully paid at par for consideration of £596m.

35. Capital reserves

	Share premium £m	Capital reserve £m	Total £m
At 31 December 2012 and 31 December 2013	273	9	282
At 31 December 2014	273	9	282

The capital reserve relates to share schemes which gave eligible employees the rights to purchase shares in EDF S.A., the ultimate parent company, on preferential terms. There have been no new schemes launched since 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

36. Merger reserve

	2014 £m	2013 £m
Balance at start of year	-	-
Arising on acquisition of companies under common control	(2)	-
Balance at end of year	(2)	-

During the year, the Group carried out restructures to bring UK renewable assets under EDF Energy Renewables and all gas storage assets under the same entity. This resulted in the recognition of a merger reserve as all entities were under common control. See note 13 for further details.

37. Retained earnings

	2014 £m	2013 £m restated
Balance at start of year	745	649
Profit for the year	343	627
Dividends paid	(424)	(620)
Actuarial gains/(losses), net of tax	38	(106)
Acquisition of non-controlling interest	-	195
Balance at end of year	702	745

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

38. Hedging reserve

	2014 £m	2013 £m
Balance at start of year	(78)	(120)
<i>Net gains/(losses) arising on changes in fair value of instruments in a cash flow hedge:</i>		
Commodity purchase contracts	(349)	(372)
Cross currency interest rate swaps	11	12
Foreign currency forward contracts	36	(11)
Interest rate swap contracts	(2)	-
<i>Net gains/(losses) arising on changes in fair value of hedging instruments transferred to profit or loss</i>		
Commodity purchase contracts	364	417
Foreign currency forward contracts	(18)	10
Deferred tax on net losses in cash flow hedge	(9)	(14)
Total movement in year	33	42
Balance at end of year	(45)	(78)

The hedging reserve represents the cumulative effective portion of gains or losses arising on changes in the fair value of hedging instruments designated as cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be re-classified to profit or loss account only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item in accordance with the Group's accounting policy.

The maturity analysis of the amounts included within the hedging reserve is as follows:

	31 December 2014 £m	31 December 2013 £m
Less than one year	(85)	(85)
Between one to five years	14	(19)
More than five years	15	6
Total fair value losses on derivatives designated as effective cash flow hedges	(56)	(98)
Deferred taxation	11	20
Total	(45)	(78)

During the year a loss of £347m (2013: £427m) was recycled from the hedging reserve and included within fuel, energy and related purchases, in relation to contracts which had matured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

39. Notes to the cash flow statement

	2014 £m	2013 £m
Profit before taxation	564	751
Adjustments for:		
(Gain)/loss on derivatives	(47)	52
Share of loss of associates	12	2
Depreciation	759	720
Amortisation	51	48
Impairment	136	10
Utilisation of carbon and renewable obligations certificates	621	436
Finance costs	68	96
Profit on disposal of investments	(31)	(56)
Increase in provisions	(28)	126
Increase/(decrease) in post-employment benefits	10	(1)
Release of fair value of sales contract assets	-	22
Operating cash flows before movements in working capital	2,115	2,206
(Increase) in inventories	(80)	(258)
Decrease/(increase) in receivables	6	(141)
(Decrease)/increase in payables	(141)	560
Cash generated by operations	1,900	2,368
Pension deficit payment	(74)	(170)
Income taxes paid	(281)	(105)
Net cash from operating activities	1,545	2,094

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

39. Notes to the cash flow statement continued

A reconciliation of the "income taxes" paid is shown below:

	2014	2013
	£m	£m
Corporation tax payments made in respect of the year	(61)	(53)
Corporation tax payments made in respect of the previous year	(42)	(61)
Corporation tax refunds received in respect of prior years	33	84
Net payments to associated EDF companies for use of prior year tax losses	(211)	(75)
Total corporation tax paid by the Group	(281)	(105)

A reconciliation of the net payments to associated EDF companies for use of tax losses is shown below:

	2014	2013
	£m	£m
In respect of the year ended 2010 – EDF Energy (UK) Ltd	-	(27)
In respect of the year ended 2010 – EDF Energy Renewables	(2)	(4)
In respect of the year ended 2011 – EDF Energy (UK) Ltd	-	(44)
In respect of the year ended 2012 – EDF Energy (UK) Ltd	(108)	-
In respect of the year ended 2013 – EDF Energy (UK) Ltd	(72)	-
In respect of the year ended 2014 – EDF Energy (UK) Ltd	(29)	-
Total net payments to associated EDF companies for use of tax losses	(211)	(75)

EDF Energy (UK) Limited is the UK registered financing vehicle for the EDF Energy UK group. EDF Energy Renewables is a collection of UK registered joint operations with EDF EN UK Limited, a subsidiary of EDF EN S.A..

40. Retirement benefit schemes

The Group sponsors three funded defined benefit pension schemes for qualifying UK employees - the EDF Energy Pension Scheme (EEPS), the EDF Energy Generation & Supply Group of the Electricity Supply Pension Scheme (EEGSG) and the British Energy Generation Group of the Electricity Supply Pension Scheme (BEGG). 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 BEGG, employees are entitled to annual pensions on retirement at ages 60, 63 or 65 (depending on the date of joining the scheme), of one-sixtieth of pensionable salary for each year of service. Under the EEGSG, employees are 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 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 actuarial valuations of the EEGSG, EEPS and BEGG were carried out by qualified actuaries at 31 March 2013. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

40. Retirement benefit schemes continued

Funding requirements

UK legislation requires that pension schemes are funded prudently.

The last funding valuations of BEGG, EEGSG and EEPS were carried out by qualified actuaries as at 31 March 2013 and showed deficits of £720m, £123m, and £46m respectively. The Group pays contributions to repair this deficit and contributions in respect of ongoing benefit accrual. The estimated contributions expected to be paid by the Group to the pension schemes during 2015 amount to approximately £240m.

There were no plan curtailments, settlements or amendments during 2013 or 2014.

a) Risks associated with the pension schemes

The defined benefit pension schemes typically expose the Group to actuarial risks as detailed below:

Risk of asset volatility

The pension scheme liabilities are calculated using a discount rate based on corporate bond yields. If return on assets underperforms corporate bonds, then this will lead to an increased deficit. All schemes hold a significant proportion of growth assets which would expect to outperform corporate bond yields.

Risk of changes in bond yields

A decrease in corporate bond yields will increase the value of the scheme liabilities for accounting purposes, although this would be partially offset by an increase in the value of the schemes' corporate bond holdings.

Inflation risk

The majority of the scheme's defined benefit obligations are linked to inflation and hence an increase in inflation rates will lead to an increase in liabilities. The majority of assets are unaffected or only loosely correlated with inflation and therefore an increase in inflation will increase the deficit.

Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will increase the liabilities.

b) Assumptions used in the valuation of the pension deficit

The principal financial assumptions used to calculate the pension liabilities under IAS 19 were:

	31 December 2014 % p.a	31 December 2013 % p.a
Discount rate		
- EEGSG	3.6	4.4
- EEPS	3.7	4.4
- BEGG	3.6	4.5
RPI inflation assumption		
- EEGSG	3.1	3.5
- EEPS	3.2	3.5
- BEGG	3.1	3.5
CPI inflation assumption		
- EEGSG	2.0	2.4
- EEPS	2.1	2.4
- BEGG	2.0	2.4
Rate of increase in salaries		
- EEGSG	3.1	3.5
- EEPS	3.2	3.5
- BEGG	3.1	3.5
Rate of increase of pensions in deferment		
- EEGSG	3.1	3.5
- EEPS	2.1	2.4
- BEGG	3.1	3.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

40. Retirement benefit schemes continued

	31 December 2014 % p.a	31 December 2013 % p.a
Rate of increase of pensions in payment		
- EEGSG – pensions in excess of GMP	3.1	3.5
- EEGSG – post 88 GMP	1.8	2.0
- EEPS – pre 2006 excess pensions in excess of GMP	3.0	3.2
- EEPS – post 2006 excess pensions in excess of GMP	2.1	2.1
- EEPS – post 88 GMP	1.8	1.9
- BEGG – pensions in excess of GMP (pre 2001 joiners)	3.1	3.5
- BEGG – pensions in excess of GMP	2.9	3.2
- BEGG – post 88 GMP (post 2001 joiners)	1.8	2.0

Between 1978 and 1997, contracted-out schemes were required to provide a Guaranteed Minimum Pension (GMP). Since 1997, a different test has applied but contracted-out schemes still have to provide a GMP for rights accrued between 1978 and 1997.

The table below shows details of assumptions around mortality rates used to calculate the IAS 19 liabilities.

EEGSG	2014	2013
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
EEPS	2014	2013
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
BEGG	2014	2013
Life expectancy for current male pensioner aged 60	28	28
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

Mortality assumptions have been determined based on standard mortality tables, specifically the SAPS S1 standard tables with scaling factors to reflect the experience analysis carried out as part of the 31 March 2013 triennial valuations. Future improvements in mortality rates are assumed to be in line with the CMI 2013 Core Projections subject to a 1.25% long-term rate of improvement. These assumptions are governed by IAS 19 and do not reflect the assumptions used by the independent actuary in the triennial valuation as at 31 March 2013, which determined the Group's contributions for future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

40. Retirement benefit schemes continued

c) Financial impact of defined benefit pension schemes

The amount recognised in the consolidated balance sheet in respect of the Group's funded defined benefit retirement benefit plans is as follows:

	BEGG 2014 £m	EEGSG 2014 £m	EEPS 2014 £m	Total 2014 £m	Total 2013 £m
Present value of defined benefit obligations ("DBO")	(5,133)	(753)	(530)	(6,416)	(5,576)
Fair value of scheme assets	5,109	695	419	6,223	5,263
Deficit in scheme	(24)	(58)	(111)	(193)	(313)

In addition to the pension provision recognised, there is an additional amount of £12m (2013: £11m) included within other liabilities which relates to unapproved pension scheme amounts.

The costs associated with these defined benefit schemes are as follows:

	BEGG 2014 £m	EEGSG 2014 £m	EEPS 2014 £m	Total 2014 £m	Total 2013 £m
Current service cost	117	17	48	182	166
Interest cost on DBO	204	30	20	254	225
Interest income on scheme assets	(194)	(27)	(16)	(237)	(218)
Past service costs- curtailments	2	3	-	5	7
Total pension costs	129	23	52	204	180

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

	BEGG 2014 £m	EEGSG 2014 £m	EEPS 2014 £m	Total 2014 £m	Total 2013 £m
At 1 January	4,510	666	400	5,576	5,028
Current service cost	117	17	48	182	166
Past service cost curtailments	2	3	-	5	7
Interest cost on DBO	204	30	20	254	225
Actuarial losses from change in demographic assumptions	-	-	-	-	76
Actuarial losses from change in financial assumptions	459	55	67	581	377
Actuarial gains from experience	(5)	(1)	-	(6)	(141)
Net benefits paid	(157)	(17)	(5)	(179)	(165)
Contributions by employees	3	-	-	3	3
At 31 December	5,133	753	530	6,416	5,576

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

40. Retirement benefit schemes continued

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

	BEGG 2014	EEGSG 2014	EEPS 2014	Total 2014	Total 2013
	£m	£m	£m	£m	£m
At 1 January	4,317	609	337	5,263	4,698
Interest income on scheme assets	194	27	16	237	218
Actuarial gains	587	42	20	649	166
Contributions by employer (exc deficit repair)	117	18	46	181	174
Deficit repair payments by employer	48	16	5	69	169
Net benefits paid	(157)	(17)	(5)	(179)	(165)
Contributions by employees	3	-	-	3	3
At 31 December	5,109	695	419	6,223	5,263

d) Breakdown of scheme assets

	BEGG 2014	EEGSG 2014	EEPS 2014	Total 2014	Total 2013
	£m	£m	£m	£m	£m
Equities:					
Region: UK	435	71	72	578	506
Europe	263	26	32	321	272
North America	557	79	35	671	583
Asia Pacific	97	24	12	133	129
Japan	205	24	13	242	215
Emerging Markets	164	38	21	223	191
Bonds:					
Rating: AAA	1,662	13	18	1,693	1,495
AA	66	184	20	270	247
A	151	40	28	219	252
BBB	225	61	42	328	310
Non investment grade	386	32	11	429	230
Property	353	1	35	389	361
Cash	38	4	4	46	122
Other	507	98	76	681	350
	5,109	695	419	6,223	5,263

The assets of the pension scheme do not include any financial instruments which have been issued by the Company nor any property or other assets which are in use by the Company in either the current or prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

40. Retirement benefit schemes continued

The investment strategy is determined by the scheme trustees on a scheme by scheme basis.

BEGG

A review of the investment strategy was conducted as part of the 2013 valuation and was agreed in mid 2014. The assets of the scheme are now allocated in two separate portfolios referred to as the matching portfolio and the growth portfolio. Within tolerances, the matching portfolio is supported by 25% of scheme assets while 75% of the assets are deployed in the growth portfolio. The matching portfolio now delivers interest rate and inflation hedging of 70% and 84% respectively on the technical provisions basis. Taken together the overall portfolio is designed to deliver a Gilts plus 2.5% p.a. return over the long term without increasing risk from prior levels. Minor adjustments in the growth portfolio have been made over the last 6 months to target this objective while maintaining diversity.

EEPS

A review of the investment strategy was conducted as part of the 2013 valuation and was agreed in early 2015. The assets of the scheme are now allocated in two separate portfolios referred to as the matching portfolio and the growth portfolio. Within tolerances, the matching portfolio is supported by 25% of scheme assets while 75% of the assets are deployed in the growth portfolio. The timing and scale of the increase in the interest rate and inflation hedging is still being considered by the EEPS trustees. Taken together the overall portfolio is designed to deliver a Gilts plus 2.5% p.a. return over the long term without increasing risk from prior levels. Adjustments in the growth portfolio will be made as the matching portfolio is established to target this objective while maintaining diversity.

EEGSG

Again, a review of the investment strategy was conducted as part of the 2013 valuation and was agreed in early 2015. The assets of the scheme are now allocated in two separate portfolios referred to as the matching portfolio and the growth portfolio. Within tolerances, the matching portfolio is supported by 25% of scheme assets while 75% of the assets are deployed in the growth portfolio. The matching portfolio is being gradually increased over the 6 months to October 2015 to deliver interest rate and inflation hedging of 70% and 84% respectively on the technical provisions basis. Taken together the overall portfolio is designed to deliver a Gilts plus 2.5% p.a. return over the long term without increasing risk from prior levels. Minor adjustments in the growth portfolio have been made over the last 6 months to target this objective while maintaining diversity.

e) Profile of the pension scheme

BEGG

Circa 49% of the BEGG liabilities are attributable to current employees, 6% to former employees and 45% to current pensioners. The weighted average time until benefits payments are made is 19 years which reflects the approximate split of the defined benefit obligation between current employees, deferred members and current pensioners.

EEGSG

Circa 75% of the EEGSG liabilities are attributable to current employees, 5% to former employees and 20% to current pensioners. For EEGS as a whole, the duration is approximately 19 years.

EEPS

Circa 74% of the EEPS liabilities are attributable to current employees, 20% to former employees and 6% to current pensioners. For EEPS as a whole, the duration is approximately 32 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

40. Retirement benefit schemes continued

f) Sensitivity of pension defined benefit obligations to changes in assumptions:

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate, salary increase and inflation rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, holding all other assumptions constant.

	At 31 December 2014
%	
Impact of a 25bp increase/decrease in discount rate	-4.6% to + 4.9%
Impact of a 25bp increase/decrease in salary increase assumption	+1.2% to -1.1%
Impact of a 25bp increase/decrease in inflation rate	+4.6% to -4.5%

In calculating the sensitivities, the present value of the obligation has been calculated using the projected unit credit method at the end of the reporting period which is consistent with how the defined benefit obligation has been calculated and recognised on the balance sheet.

There have been no changes in the methodology for the calculation of the sensitivities since the prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

41. Financial instruments

The table below shows the carrying value of Group financial instruments by category:

	2014	2013
	£m	£m
		restated
Financial assets		
Cash and cash equivalents (note 25)	1,585	1,901
Derivative instruments held at fair value through P&L (note 28)	65	11
Derivative instruments in designated hedging relationships (note 28)	236	47
Loans and receivables	2,158	2,169
NLF and Nuclear liabilities receivable (note 22)	6,712	6,635
Available for sale financial assets (note 19)	11	11
Financial liabilities		
Derivative instruments held at fair value through P&L (note 28)	(33)	(16)
Derivative instruments in designated hedging relationships (note 28)	(351)	(170)
Borrowings and other liabilities at amortised cost	(4,947)	(5,382)
Finance lease liabilities	(186)	(237)
Contingent consideration for a business combination	(51)	(97)

Loans and receivables include trade and other receivables as well as long-term receivables and exclude other debtors and the provision for doubtful debts.

Borrowings and other liabilities include borrowings, other liabilities excluding deferred income, and obligations under finance leases.

a) Financial risk management objectives

The Group is exposed to a variety of financial risks including commodity price risk, interest rate risk, credit risk, foreign currency risk and liquidity risk. The Group seeks to minimise the effect of these risks using financial instruments to hedge risk exposures. The use of derivative financial instruments is governed by the Group's approved policies and in line with the Group's risk mandate. The Group does not enter into or trade financial instruments, including derivatives, for speculative purposes.

The accounting treatment for financial instruments entered into as a result of these policies is detailed in note 2.

b) Capital risk management

The Group manages its capital through focusing on its net debt which comprises borrowings including finance lease obligations and accrued interest, less cash and cash equivalents (note 25) plus derivative liabilities. Given that the Group is a 100%-owned subsidiary, any changes in capital structure are generally achieved via additional borrowings from other companies within the EDF SA group or from capital injection from its immediate parent company.

The Group is not subject to any externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

41. Financial instruments continued

c) Commodity price risk management

Commodity 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. Due to the vertically-integrated nature of the Group, the electricity procured from the generation business provides a natural hedge for the electricity demand from the retail business.

The residual exposure to movements in the price of electricity, gas, coal and carbon 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.

At a Group level, commodity price risk exposure is measured looking at sensitivity analysis. Under IAS 39, at the reporting date, if the purchase price of commodities had been 10% higher (10% being management's estimate of a reasonable, possible change), and all other variables remained constant, then the Group's profit before taxation for the year would have been £39m higher (2013: £2m) and hedging reserves would have been £245m higher (2013: £14m), as a result of the changes in financial instrument valuations. There have been no changes in the method of preparing the sensitivity analysis.

d) Interest rate risk management

The Group is exposed to interest rate risk because the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate instruments and through the use of swap agreements. The Group's policy is to use derivatives to reduce exposure to short-term interest rate fluctuations and not for speculative purposes. Interest rate swaps are designated as a cash flow hedge.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date, assuming that the rate change took effect at the start of the reporting period and remained in place for the full period, and assuming the closing borrowing and cash position was in place throughout the year. There has been no change in the method of preparing the sensitivity analysis during the year.

If the interest rates had been 100 basis points higher at the reporting date, and on the basis of the assumptions outlined above, then the Group's profit for the year would have been £9m higher (2013: £12m higher) as a result of changes in financial instrument valuations.

Interest rate profile

The interest rate profile of interest-bearing loans and borrowings, subsequent to the effect of interest rate swaps, was as follows:

	2014 £m	2013 £m restated
Floating rate borrowings	572	579
Fixed rate borrowings	695	740
Total borrowings (note 27)	1,267	1,319
Floating rate finance lease obligations (note 33)	186	237

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

41. Financial instruments continued

The weighted average interest rates for all borrowings and finance lease obligations, after interest rate swaps, were as follows:

	2014	2013 restated
Weighted average fixed interest rate %	4.1%	4.0%
Weighted average floating interest rate %	1.4%	0.8%

At 31 December 2014, the Group had eleven interest rate swaps (2013: six) and one cross currency interest rate swaps (2013: one). The fair value of the interest rate swaps outstanding at 31 December 2014 was a liability £4m (2013: nil). The fair value of the cross-currency interest rate swaps outstanding at 31 December 2014 was a liability of £40m (2013: £7m). If exchange rates moved by 10%, the value of the derivative asset would move by £4m (2013: £1m). If interest rates moved by 100bps the change in value of the derivative asset and the hedging reserve would be £5m (2013: negligible).

e) Foreign currency risk management

The Group is exposed to exchange rate fluctuations as a result of US dollar and Euro denominated debt and US dollar and Euro denominated commodity contracts. The Group's policy is to enter into cross currency interest rate swaps to convert all foreign currency denominated debt into GBP.

Foreign currency exposures arising from US dollar and Euro denominated commodity contracts are managed using foreign currency forward contracts. The Group's policy is to enter into foreign currency forward contracts to convert foreign currency obligations into GBP.

At the balance sheet date, the following foreign currency derivatives were outstanding:

At 31 December 2014	Notional amount to be received				Notional amount to be given				Fair value
£m	<1yr	2-5yrs	>5yrs	Total	<1yr	2-5yrs	>5yrs	Total	
Foreign currency forwards	1,028	220	-	1,248	1,033	219	-	1,252	-
Cross currency swaps	18	70	684	772	25	99	769	893	(40)

At 31 December 2013 restated	Notional amount to be received				Notional amount to be given				Fair value
£m	<1yr	2-5yrs	>5yrs	Total	<1yr	2-5yrs	>5yrs	Total	
Foreign currency forwards	1,522	494	-	2,016	1,545	505	-	2,050	(30)
Cross currency swaps	19	94	733	846	25	124	769	918	(7)

The cross currency swaps are designated as a cash flow hedge of the exposure on the bonds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

41. Financial instruments continued

Sensitivity analysis

If the exchange rate had been 10% lower at the reporting date, there would have been an impact of £101.5m (2013: £23.6m) on the Group profit for the year. Pre-tax, the hedging reserve would have been no higher (2013: £111.9m higher). This excludes the exchange rate sensitivity on cross currency interest rate swaps.

f) Credit risk management

Counterparty and credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group has no significant concentration of external credit risk, with exposure spread over a large number of external counterparties and customers. Due to the nature of the Group's trading with other EDF SA group companies in Europe, there are large trading balances with other Group companies, however these are not considered to be a risk.

The Group's counterparty credit risk is measured, monitored, managed and reported in accordance with the Group's credit risk policy. The policy sets out the framework that dictates the maximum credit exposure that the Group can incur to each of its counterparties based on their public credit rating (or where counterparty is not publicly rated, a rating calculated using an in-house scoring model). The Group uses a variety of tools to mitigate its credit exposure, for example, requesting parent company guarantees, letters of credit or cash collateral, agreeing suitable payment terms and netting provisions. The majority of energy trading exposure is held against investment grade counterparties. For commercial customers with poor credit ratings, the Group on occasion will receive security deposits which can be used in the event of default by the customer.

The Group uses a variety of tools to mitigate its credit exposure, for example, requesting parent company guarantees, letters of credit or cash collateral, agreeing suitable payment terms and netting provisions. The majority of energy trading exposure is held against investment grade counterparties.

The Group also faces counterparty risk through the ability of key suppliers to deliver to contract. Such suppliers are subject to credit risk reviews and continual monitoring.

Balances are written off when recoverability is assessed as being remote. The assessment considers the age of debt balances and takes account of the credit worthiness of some customers and considers whether they remain ongoing customers. Amounts overdue but not written off are fully or partially provided for in accordance with the Group's positioning policies. Money recovered relating to balances previously provided against or written off is credited to the income statement on receipt.

The maximum credit risk exposure is derived from the carrying value of financial assets in the financial statements, in addition to the credit risk arising from the provision of support and guarantees as detailed in the table below.

	2014 £m	2013 £m
Guarantee provided by subsidiary relating to performance of contractual obligations	69	4
Guarantee relating to pension obligations	80	-
Guarantee relating to tax obligations	1	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

41. Financial instruments continued

g) Liquidity risk management

Liquidity risk is the risk that the Group is unable to meet its obligations as they fall due because it has inadequate funding or is unable to liquidate its assets. The Group manages liquidity risk by preparing cash flow forecasts and by ensuring it has sufficient funding to meet its forecast cash demands.

At 31 December 2014, the Group had available £320m (2013: £320m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

The tables below detail the contracted maturity for all financial liabilities, based on contractual cash flows.

At 31 December 2014

	0-30 days	30-90 days	3-6 months	6-12 months	1-2 yrs	2-5yrs	>5yrs	Total
Obligations under finance lease	-	8	8	15	33	105	38	207
Borrowings	1	2	10	12	525	65	768	1,383
Other liabilities	1,069	896	66	58	3	1	21	2,114
Derivative and other financial instruments	320	337	117	225	(213)	126	815	1,727

At 31 December 2013

	0-30 days	30-90 days	3-6 months	6-12 months	1-2 yrs	2-5yrs	>5yrs	Total
Obligations under finance lease	-	9	9	19	37	114	77	265
Borrowings	1	2	8	12	529	62	933	1,547
Other liabilities	1,520	676	56	8	2	3	-	2,265
Derivative and other financial instruments	636	372	267	747	384	115	795	3,316

h) Fair values of assets and liabilities

The fair values of financial assets and liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes of similar instruments.
- The fair value of derivative instruments is calculated using quoted prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

41. Financial instruments continued

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2014 £m	2013 £m
Level 2		
Derivative financial instruments		
Hedging instruments in a cash flow hedge	(115)	(123)
Instruments designated at FVTPL	32	(5)
Contingent consideration	(51)	(97)
Level 3		
Available for sale assets	(11)	(11)
Total	(145)	(236)

There have been no transfers between levels during the period.

All derivative financial instruments are valued using a discounted cash flow. Future cash flows are estimated based on forward rates (from observable rates at the end of the reporting period) and contract forward rates, discounted at rate that reflects the credit risk of the counterparties. Similar valuation methodologies are used for commodity forward contracts, foreign currency forward contracts, cross currency swaps and interest rate swaps. There are no significant unobservable inputs into the valuation.

The contingent consideration is valued by referencing the price of a similar instrument with identical terms which is quoted on an active market. There are no significant unobservable inputs into the valuation.

The available for sale assets are valued at the fair value of net assets. Changes in the unobservable inputs would not have a significant impact on the fair value.

Except as detailed in the table below, the Directors consider that the carrying amount of the financial assets and financial liabilities recorded in the financial statements approximates fair value.

	Carrying amount		Fair value	
	2014 £m	2013 £m	2014 £m	2013 £m
Financial liabilities				
Borrowings and other liabilities	5,184	5,657	5,237	5,640

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

42. Related parties

During the year, the Group entered into the following transactions with related parties who are not members of the Group:

		Sales to related parties £m	Purchases from related parties £m	Interest paid to related parties £m	Interest received from related parties £m
Joint operations:	2014	-	(87)	-	5
	2013	2	(44)	-	2
Associates:	2014	-	(19)	-	-
	2013	-	-	-	-
Transactions with other EDF S.A. group companies	2014	-	(799)	(20)	18
	2013	-	(869)	(22)	12
Finance lease commitment with EDF S.A. group*	2014	-	-	21	-
	2013	-	-	(9)	-

*This includes the finance lease model adjustment (note 10).

At the year end, group companies had the following outstanding balances with related parties who are not members of the Group:

		Amounts owed by related parties £m	Amounts owed to related parties £m
Joint operations:	2014	81	(25)
	2013	93	(24)
Associates:	2014	24	-
	2013	30	-
Transactions with other EDF S.A. group companies	2014	2,066	(1,320)
	2013	2,496	(1,467)
Finance lease commitment with EDF S.A. group companies	2014	-	(186)
	2013	-	(237)

EDF Energy Holdings Limited trades with other group companies which are part of the EDF S.A. group.

Sales and purchases from related parties are made at normal market prices. Outstanding balances at year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables. The Group has not raised any provision for doubtful debts relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market value in which the related party operates.

The table above includes loans and bonds payable to other EDF subsidiaries of £742m (2013: £801m) and loans receivable from EDF SA companies of £580m (2013: £500m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

42. Related parties continued

The Group enters into derivative contracts to purchase commodities at normal market prices with another EDF S.A. group company. The total trade value of outstanding contracts in the Group balance sheet was an asset of £437m (2013: asset of £10m).

Transactions with key management personnel

	2014 £m	2013 £m
Short-term benefits	5.2	6.2
Post-employment benefits	0.2	0.2
	5.4	6.4

Key management personnel comprise members of the Executive Committee, a total of seven individuals at 31 December 2014 (2013: eight). The Executive Committee is a cross-business unit committee of senior staff who take part in the decision-making for the Group.

43. Parent undertaking and controlling party

EDF Energy (UK) Limited holds a 100% interest in EDF Energy Holdings Limited and is the immediate parent company. EDF International SAS ("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, Electricité de France SA ("EDF 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 Electricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.

**COMPANY BALANCE SHEET
AT 31 DECEMBER 2014**

	<i>Note</i>	2014 £m	2013 £m
Fixed assets			
Investments in subsidiary undertakings	4	14,270	13,674
		14,270	13,674
Current assets			
Debtors			
- due within one year	5	13	13
- due after one year	5	500	500
Cash and cash equivalents		253	236
		766	749
Creditors: amounts falling due within one year	6	(137)	(137)
Net current assets		629	612
Total assets less current liabilities		14,899	14,286
Creditors: amounts falling due after more than one year	7	(500)	(500)
Net assets		14,399	13,786
Capital and reserves			
Called up share capital	8	13,647	13,051
Share premium	9	273	273
Profit and loss account	9	479	462
Shareholder's funds		14,399	13,786

The company financial statements of EDF Energy Holdings Limited, registered number 06930266, on pages 91 to 97 were approved by the Board of Directors on 6 May 2015 and were signed on its behalf by:


Robert Guyler
Director

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Accounting policies

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

Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

Going concern

As set out in the Strategic Report, after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The profit of the Company for the year ended 31 December 2014 was £441m (2013: £748m).

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 International S.A.S, whose consolidated accounts include a cash flow statement and are publicly available.

Profit and loss account

No profit and loss account is presented for EDF Energy Holdings Limited in accordance with the exemptions allowed by the Companies Act 2006.

Investments

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

Taxation

Current tax is based on taxable profits for the financial period, using tax rates that are in force during the period. Taxable profit differs from the accounting profit for the year because it excludes items of income or expense that are taxable or deductible in other financial years, as well as further excluding items that are never taxable or never deductible.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. These can arise from transactions or events that result in an obligation to pay more or a right to pay less tax in the future, which have occurred at the balance sheet date. There are a number of exceptions to this:

- 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 calculated at the tax rates that are expected to apply for the period when 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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

2. Operating loss

In 2014, an amount of £10,537 (2013: £10,280) was paid to Deloitte LLP for audit services relating to audit of the individual entity statutory accounts of the Company. This charge was borne by another Group company. In 2014, amounts payable to Deloitte LLP by the Company in respect of non-audit services were £nil (2013: £nil).

The Company had no employees in 2014 (2013: none).

3 Directors' emoluments

None of the Directors received any remuneration for services to the Company during the year (2013: £nil).

4 Investments in subsidiary undertakings

Cost and book value	Shares £m
At 31 December 2013	13,674
Additions during the year	596
At 31 December 2014	14,270

The additions during the year related to the subscription of additional shares in NNB Holding Company Limited.

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

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

4 Investments in subsidiary undertakings continued

Name of subsidiary	Proportion of ownership interest and voting power held %	Principal activity
Deletopicnic Limited *	100%	Holding company
EDF Energy Dormant Holdings Limited *	100%	Holding company
EDF Energy plc *	100%	Sale of electricity
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 (Energy Branch) plc *	100%	Investment in electricity generation
EDF Energy Fleet Services Limited *	100%	Transport services
EDF Energy Group Holdings plc	100%	Holding company
EDF Energy Lake Limited	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 (Northern Offshore Wind) Limited*	100%	Development of generation and supply
EDF Energy (Projects) Limited *	100%	Investment company
EDF Energy (West Burton Power) Limited*	100%	Power generation
Eggborough Power (Holdings) Limited*	80%	Holding company
Hunterston Properties Limited*	100%	Property company
Jade Power Generation Limited *	100%	Power generation
EDF Energy Round 3 Isle of Wight Limited*	51%	Renewable power generation
Lake Acquisitions Limited	80%	Holding company
Lochside Energy Inc * (Canada)	80%	Financial activities
Lochside Insurance Limited * (Guernsey)	80%	Insurance company
NNB Holding Company Limited	100%	Holding company
NNB Generation Company Limited *	100%	Development of generation and supply
NNB Land Company Limited *	100%	Property company
Norfolk Offshore Wind Limited *	100%	Development of generation and supply
Northern Power Limited*	80%	Power generation
SEEBOARD Energy Limited*	100%	Energy supply
SEEBOARD Energy Gas Limited*	100%	Gas supply
Stornoway Wind Power Limited *	80%	Renewable power generation
Sutton Bridge Financing Limited* (Cayman Islands)	100%	Financial activities
The Barkantine Heat & Power Company Limited*	100%	Generation and supply of electricity and heat
West Burton Limited*	100%	Power generation
West Burton Property Limited*	100%	Investment company
Western Isles Renewables Limited*	80%	Renewable power generation

* Indirectly held

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

4 Investments in subsidiary undertakings continued

The associates and joint ventures at 31 December 2014, which are all held indirectly, and are registered and operate in England and Wales, are as follows:

	Percentage of ordinary shares held	Principal activity
Barking Power Limited	18.6%	Power generation
Scintilla Re	20.0%	Re-insurance
Fallago Rig Windfarm Limited	10.0%	Renewable energy generation
Trans4m Limited	25.0%	Engineering contractor
EDF Energy Renewables Limited	50.0%	Renewable energy generation
Boundary Lane Windfarm Limited	50.0%	Renewable energy generation
Braemore Wood Windfarm Limited	50.0%	Renewable energy generation
Glass Moor II Windfarm Limited	10.0%	Renewable energy generation
Green Rigg Windfarm Limited	10.0%	Renewable energy generation
Navitus Bay Development Limited	25.5%	Renewable energy generation
Royal Oak Windfarm Limited	50.0%	Renewable energy generation
Bicker Fen Windfarm Limited	50.0%	Renewable energy generation
Burnfoot Windfarm Limited	50.0%	Renewable energy generation
Fairfield Windfarm Limited	50.0%	Renewable energy generation
Rusholme Windfarm Limited	10.0%	Renewable energy generation
Walkway Windfarm Limited	50.0%	Renewable energy generation
Teesside Windfarm Limited	50.0%	Renewable energy generation
High Hedley Hope Wind Limited	50.0%	Renewable energy generation
Kirkheaton Wind Limited	37.5%	Renewable energy generation
Longpark Windfarm Limited	50.0%	Renewable energy generation
Lewis Wind Power Limited	25.0%	Renewable energy generation
Roade Windfarm Limited	50.0%	Renewable energy generation
Burnhead Moss Windfarm Limited	50.0%	Renewable energy generation
Barmoor Wind Power Limited	50.0%	Renewable energy generation
EDF Energy Renewables Holdings Limited	50.0%	Renewable energy generation

5 Debtors

	2014 £m	2013 £m
Debtors: amounts falling due within one year:		
Amounts owed by other Group companies	12	12
Corporation tax (Group relief receivable)	1	1
	13	13
Debtors: amounts falling due after one year:		
Amounts owed by ultimate parent company	500	500
	500	500

The loan of £500m granted to EDF SA is repayable in December 2016 and charges interest at 3 months LIBOR plus 23.5 bp.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

6 Creditors: amounts falling due within one year

	2014 £m	2013 £m
Amounts owed to other Group companies	137	137
	137	137

The amounts owed to other Group companies are non-interest bearing and are repayable on demand.

7 Creditors: amounts falling due after more than one year

	2014 £m	2013 £m
£500m bank loan due December 2016	500	500
	500	500

The £500m facility agreement was put in place with Lloyds Bank plc as part of the UK Government Lending Scheme on 19 December 2013. It was drawn in full on 20 December 2013 and pays an interest rate of LIBOR 3 months plus margin 0.2%. The loan matures in July 2015 with an option to extend for a further 17 months, which was executed in December 2014.

8 Share capital

Allotted, called up and fully paid	2014 Number	2013 Number	2014 £m	2013 £m
Ordinary shares of £1.00 each	13,647,477,252	13,051,477,252	13,647	13,051

During 2014, 596,000,000 shares were issued at par for consideration of £596m.

9 Reconciliation of shareholders' funds

	Share capital £m	Share premium account £m	Profit and loss account £m	Total Shareholders' funds £m
At 31 December 2012	12,644	273	334	13,251
Profit for the year	-	-	748	748
Shares issued	407	-	-	407
Dividends paid	-	-	(620)	(620)
At 31 December 2013	13,051	273	462	13,786
Profit for the year	-	-	441	441
Shares issued	596	-	-	596
Dividends paid	-	-	(424)	(424)
At 31 December 2014	13,647	273	479	14,399

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

10 Related parties

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

11 Parent undertaking and controlling party

EDF Energy (UK) Limited holds a 100% interest in EDF Energy Holdings Limited and is considered to be the immediate parent company. EDF International SAS ("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, Electricité 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 Electricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.