



EDF ENERGY NUCLEAR GENERATION LIMITED

Registered Number 3076445

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2014

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Directors

Philippe Bordarier
Brian Cowell
Stuart Crooks
Mark Gorry
Robert Guyler
Jerry Haller
Mark Hartley
David Mitchell
Gwen Parry-Jones
Peter Prozesky

Company Secretary

Claire Gooding

Auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Registered Office

Barnett Way
Barnwood
Gloucester
GL4 3RS

STRATEGIC REPORT

Principal activities

The principal activity of EDF Energy Nuclear Generation Limited (the "Company") during the year continued to be the generation and sale of electricity. The Company will continue with these activities for the foreseeable future.

References to "the Group" are to EDF Energy Nuclear Generation Group Limited and its subsidiaries including this Company.

Business review

The profit for the year, before taxation, amounted to £1,044m (2013: £1,111m) and after taxation, amounted to £825m (2013: £906m). The reduction in profit in the year is primarily a result of decreased output generation in the year partly offset by the achievement of higher realised prices.

The Group manages its operations on a business segment basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group, which includes the Company, is discussed in the Group's Annual Report which does not form part of this report.

During 2014 following a Group review, the Company performed a review of its capitalisation treatment. In order to more closely align treatment with Group, replacement projects (both periodic and one-off), salary costs of station employees involved in Statutory Outages (excluding overtime costs which are already capitalised) and periodic inspection costs (excluding routine costs) will now be capitalised. The effect of this change was an increase in expenditure capitalised in the year of £78m.

Risk management

The future prospects of the Company are dependent on the continued safe and reliable operation of the nuclear power station fleet, and the market price for electricity in the United Kingdom.

The main financial risks faced by the Company through its normal business activities are market risk, liquidity risk and credit risk. These risks and the Company's approach to dealing with them are described below:

Market risk is the risk that changes in energy prices will adversely affect the profitability of the Company from normal business operations. The Company is exposed to this risk to the extent that contracts are not fixed or contracts are not delivered out of generation output. The Company sells its generation through a Transfer Pricing Mechanism linked to market prices. The forecast generation volumes and prices are fixed over a rolling three year time horizon and reduces from a fully contracted short-term position to an uncontracted position after three years.

Liquidity risk is the risk that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The Company's exposure to liquidity risk is reduced due to the significant net current asset position, and the fact that the current liabilities balance primarily comprises intercompany balances within the Group.

The Company's credit risk is primarily attributable to its debtors. The amounts presented on the balance sheet are net of allowance for doubtful receivables estimated by the Group's management based on prior experience and their assessment of the current economic environment. Credit risk is mitigated by the nature of the debtor balances owed, with these primarily due from other Group companies who are able to repay these if required.

In addition, the Nuclear Liabilities Fund (NLF) receivable represents the Government indemnity provided to indemnify any potential future shortfall on NLF funding of qualifying uncontracted nuclear liabilities (including Pressurised Water Reactor (PWR) back end fuel services) and qualifying nuclear decommissioning costs. The NLF receivable asset recognised 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.

STRATEGIC REPORT continued

Also, the nuclear liabilities receivable represents the Government indemnity provided to cover services for spent Advanced Gas-cooled Reactor (AGR) fuel loaded pre-Restructuring. 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.

Employees

The Company's policies and procedures relating to Health and Safety at work continued to exceed the requirements of current legislation and are kept under constant review to ensure a safe and healthy working environment for all employees.

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting their employment and on the various factors affecting the performance of the Company. 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 Company is fully committed to ensuring that all current and potential future employees and customers are treated fairly and equally, regardless of their gender, marital status, disability, race, colour, nationality or ethnic origin in accordance with the appropriate legislation and Government guidelines. The Company provides equal opportunities for employment, training and development, having regard to particular aptitudes and abilities. In the event of employees becoming disabled during employment, where possible, assistance and retraining is given so that they may attain positions compatible with their ability.

Going concern

The Company has significant net current assets and is dependent on the continued cash flow generation from its nuclear power station fleet. 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.

This report was approved by the Board of Directors and signed on its behalf by:



David Mitchell
Director
21 September 2015

DIRECTORS' REPORT

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

Directors

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

Philippe Bordarier	(appointed 26 August 2014)
Brian Cowell	
Stuart Crooks	
Mark Gorry	
Robert Guyler	
Jerry Haller	(appointed 1 January 2014)
Mark Hartley	(appointed 1 January 2014)
David Mitchell	(appointed 18 May 2015)
Gwen Parry-Jones	
Peter Prozesky	
Simone Rossi	(resigned 23 February 2015)
Matthew Sykes	(resigned 26 August 2014)

Philippe Bordarier, Brian Cowell, Stuart Crooks, Mark Gorry, Jerry Haller, Mark Hartley, David Mitchell, Gwen Parry-Jones and Peter Prozesky each have a service contract with the Company. Robert Guyler is employed by and has a service contract with an associated company within the Electricité de France SA group.

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

Dividends

No dividends were paid in the year (2013: £nil).

Risk

The financial risks of the company have been covered within the Strategic Report on page 2.

DIRECTORS' REPORT continued

Auditor

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

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

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

It is noted that Deloitte LLP, as appointed by the members are deemed to be re-appointed as the auditor to the Company for the financial year ending 31 December 2014 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.

By order of the Board



David Mitchell
Director
21 September 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

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

We have audited the financial statements of EDF Energy Nuclear Generation Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and Auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report 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 Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

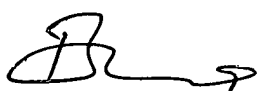
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Bevan Whitehead FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

21/9/15

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

	<i>Note</i>	2014 £m	2013 £m
Turnover	2	3,103	3,198
Operating costs	3	(1,990)	(2,016)
Operating profit		1,113	1,182
Interest receivable and similar income	6	330	364
Interest payable and similar charges	7	(399)	(435)
Profit on ordinary activities before taxation		1,044	1,111
Tax on profit on ordinary activities	8	(219)	(205)
Profit for the financial year	18	825	906

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

There were no recognised gains or losses in either year other than those included in the profit and loss account above. Accordingly, no statement of total recognised gains and losses has been presented.

**BALANCE SHEET
AT 31 DECEMBER 2014**

	<i>Note</i>	2014 £m	2013 £m
Fixed assets			
Tangible assets	9	2,734	2,585
		2,734	2,585
Current assets			
Stocks	10	1,958	1,904
Debtors			
- due within one year	11	1,870	1,378
- due after more than one year	11	6,391	6,304
		10,219	9,586
Creditors: amounts falling due within one year	12	(1,357)	(1,495)
Net current assets		8,862	8,091
Total assets less current liabilities		11,596	10,676
Creditors: amounts falling due after more than one year	13	(1,278)	(1,440)
Provision for liabilities	14	(6,651)	(6,394)
Net assets		3,667	2,842
Capital and reserves			
Called up share capital	17	-	-
Share premium	18	72	72
Profit and loss account	18	3,595	2,770
Shareholder's funds	18	3,667	2,842

The financial statements of EDF Energy Nuclear Generation Limited, registered number 3076445 on pages 8 to 28 were approved and authorised for issue by the Board of Directors on 21 September 2015 and were signed on its behalf by:



David Mitchell
Director

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

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

Basis of 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.

Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 (revised) from including a cash flow statement as it is a member of a group, headed by EDF Energy Holdings Limited whose consolidated financial statements include a cash flow statement and are publicly available.

Research and development expenditure

Expenditure on scientific and engineering research, preliminary studies and initiation of new technologies is categorised as research and development and charged to the profit and loss account as incurred.

Tangible fixed assets

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

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

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

AGR Power Stations	–	41 to 47 years
PWR Power Stations	–	40 years
Other buildings	–	30 years
Other plant and equipment	–	18 months to 5 years

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

Stocks

Stocks of fuel and stores are valued at the lower of cost and net realisable value. The nuclear fuel stock includes capitalised front end and back end costs including the rebate/surcharge discussed within fuel costs on page 11.

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

NOTES TO THE FINANCIAL STATEMENTS continued

1. Accounting policies continued

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 stock and charged to the profit and loss account in proportion to the amount of fuel burnt.

Pressurised Water Reactor (PWR)

All front end fuel costs are variable and are capitalised into stock and subsequently charged to the profit and loss account 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 stock and charged to the profit and loss account 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 stock on loading and charged to the profit and loss account in proportion to the amount of fuel burnt.

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 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 liability. The unwind of the discount each year is charged to the profit and loss account. Any adjustment to the provision is recorded through fixed assets and depreciated over remaining station life.

NLF funding arrangements

Under the arrangements in place with the Secretary of State at the Restructuring Effective Date (RED), the Nuclear Liabilities Fund (NLF) will fund, subject to certain exceptions, the Company'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 Company 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 Company's obligations under these arrangements with the Secretary of State are guaranteed by certain companies within the Group.

NOTES TO THE FINANCIAL STATEMENTS continued

1. Accounting policies continued

NLF funding arrangements continued

In consideration for the assumption of these liabilities by the Secretary of State and the NLF, British Energy Bond Finance plc issued £275m in Bonds to the NLF at RED (which were subsequently redeemed in full following the acquisition of EDF Energy Nuclear Generation Group Limited by Lake Acquisitions Limited, a subsidiary of EDF SA). At RED, the Group (through the Company) also agreed to make the following payments to the NLF:

- an annual contribution (Cash Sweep Payment), calculated as a share of the group's adjusted net cash flow proportionate to the NLF's economic interest in the Company, adjusted for certain corporate actions but never to exceed 65% (Cash Sweep percentage);
- fixed decommissioning contributions equal to £20m per annum (indexed to RPI but tapering off based on the scheduled closure dates of the nuclear power stations in place at RED); and
- £150,000 (indexed to RPI) for every tonne of uranium in PWR fuel loaded into the Sizewell B reactor after RED.

The NLF had a right to convert the Cash Sweep Obligation at any point in time into convertible shares of EDF Energy Nuclear Generation Group Limited (the ultimate parent company at the time). The settlement of the obligation occurred in two tranches in June 2007 and January 2009 via EDF Energy Nuclear Generation Group Limited issuing convertible shares to the NLF. Under the Amended and Restated Contribution Agreement dated 5 January 2009, the NLF is no longer entitled to any Cash Sweep Payment.

The fixed decommissioning obligations of circa £20m per annum have been recorded as a liability on the 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 profit and loss account include the revalorisation 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 as set out above 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 NLF receivable asset recognised 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 minor 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-Restructuring. 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 at a long-term real rate of interest which takes account of the timing of payments. Each year the financing charges in the profit and loss account include the revalorisation of these receivables required to match the revalorisation of the nuclear liabilities.

NOTES TO THE FINANCIAL STATEMENTS continued

1. Accounting policies continued

Nuclear liabilities

Nuclear liabilities represent provision for the Company'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, 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 Company's assumptions have been based may be 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 and provisions are made in respect of the following:

a) Back end fuel costs

The treatment of back end fuel costs in the profit and loss account has been dealt with under the accounting policies for fuel costs previously. 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 liabilities are based on long-term cost forecasts which are reviewed regularly and adjusted where necessary, and are included within provisions.

b) 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 which takes account of the timing of payments. Each year the financing charges in the profit and loss account include the revalorisation of liabilities required to discharge one year's discount from provisions made in prior years and restate these provisions to current price levels.

NOTES TO THE FINANCIAL STATEMENTS continued

1. Accounting policies continued

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

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

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

Deferred tax is measured on an undiscounted basis.

Pensions

The Company participates in multi employer defined benefit plans. These plans are operated on a basis that does not enable individual companies to identify their share of the underlying assets and liabilities and in accordance with FRS 17 – Retirement Benefits (FRS 17), the Company accounts for its contributions to the plans as if they are defined contribution plans.

Operating leases

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

2. Turnover

Turnover, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to the continuing activities of the sale of generated electricity and sales of other related goods and is recognised on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS continued

3. Operating costs

	2014 £m	2013 £m
Fuel	379	396
Materials and services	709	639
Energy supply costs	104	105
Staff costs (note 5)	554	617
Depreciation (note 9)	331	306
Amounts capitalised	(87)	(47)
	1,990	2,016

Operating profit is stated after charging

Operating lease costs - other	1	1
Research and development costs	27	30

In 2014 an amount of £157,284 (2013: £154,200) was paid to Deloitte LLP for audit services. This charge was borne by another group company in both the current and prior year. In 2014 no non-audit services were provided to the Company (2013: £nil).

4. Directors' emoluments

All Directors are employees of associated EDF companies.

Simone Rossi did not receive any remuneration from the Company for his services during the year or preceding year. He was paid by an associated EDF company for services to the EDF Energy (UK) Limited group and his emoluments were included in EDF Energy Holdings Limited's financial statements for the year ended 31 December 2014. No Director (2013: none) held any interests in the shares or debentures of the Company or the Group required to be disclosed under the Companies Act 2006.

Emoluments paid to EDF ENGL directors by the company are as follows:

	2014 £000	2013 £000
Emoluments	3,491	4,513
Contributions to defined benefit pension schemes	435	355
	3,926	4,868

	2014 Number	2013 Number
Members of defined benefit pension scheme	8	7

Emoluments payable to the highest paid Director were as follows:	2014 £000	2013 £000
Emoluments	511	1,134
Contributions to defined benefit pension schemes	50	-
	561	1,134

NOTES TO THE FINANCIAL STATEMENTS continued

5. Staff costs

	2014 £m	2013 £m Restated
Wages and salaries	363	343
Social security costs	36	34
Pension costs	155	240
	554	617

The analysis of the 2013 numbers has been restated to bring disclosures in line with group policy. The company operates a salary conversion arrangement relating to its pension contributions whereby employees agree to receive a lower gross salary and pension contributions are instead paid by the company. In 2013 the wages and salaries line represented the gross salary amount and included £12m of pension contributions paid to the scheme by the company under the salary conversion arrangement. The restatement means that these contributions are now included within the pension line with no overall net effect.

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

	2014 Number	2013 Number
Power stations	4,144	4,125
Engineering, technical and corporate support	1,729	1,612
	5,873	5,737

6. Interest receivable and similar income

	2014 £m	2013 £m
Interest receivable on amounts owed by other Group companies	26	25
Other interest receivable	1	-
Revalorisation of nuclear liabilities receivable	74	98
Revalorisation of NLF receivable	229	241
	330	364

7. Interest payable and similar charges

	2014 £m	2013 £m
Interest payable on amounts owed to other Group companies	34	32
Guarantee fees payable to other Group companies	1	1
Foreign exchange losses	-	1
Revalorisation of nuclear liabilities (note 16)	303	339
Revalorisation of NLF liabilities	8	9
Revalorisation of unburnt fuel provision	53	53
	399	435

NOTES TO THE FINANCIAL STATEMENTS continued

8. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year:

UK current tax	2014 £m	2013 £m
UK corporation tax charge on profit for the year	236	269
Adjustment in respect of previous years	(4)	(10)
Total current tax charge (note 8(b))	232	259
UK deferred tax		
Origination and reversal of timing differences	(7)	(5)
Adjustment in respect of previous years	(6)	2
Effect of decreased tax rate on opening liability	-	(51)
Total deferred tax credit for the year (note 15)	(13)	(54)
Total tax charge on profit on ordinary activities	219	205

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

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.

(b) Factors affecting tax charge for the year:

The tax assessed for the year is higher (2013: higher) than the standard rate of corporation tax in the UK.

The differences are explained below:

	2014 £m	2013 £m
Profit on ordinary activities before tax	1,044	1,111
Tax on profit on ordinary activities at standard UK rate of corporation tax of 21.5% (2013: 23.25%)	224	258
Effect of:		
Depreciation in excess of capital allowances	6	6
Movement in provisions	1	-
Other permanent differences	5	5
Adjustment to prior year tax charge	(4)	(10)
Current tax charge for the year (note 8(a))	232	259

NOTES TO THE FINANCIAL STATEMENTS continued

9. Tangible fixed assets

	Power stations £m	Other land and buildings £m	Other plant and equipment £m	Total £m
Cost				
At 1 January 2014	11,102	35	885	12,022
Additions	217	-	274	491
Change in provision for unburnt fuel at station closure	(11)	-	-	(11)
Disposals	(33)	-	(70)	(103)
At 31 December 2014	11,275	35	1,089	12,399
Depreciation				
At 1 January 2014	8,893	20	524	9,437
Charge for the year	149	-	182	331
Disposals	(33)	-	(70)	(103)
At 31 December 2014	9,009	20	636	9,665
Net book value				
At 31 December 2014	2,266	15	453	2,734
At 31 December 2013	2,209	15	361	2,585

The net book value of tangible fixed assets includes the following in respect of freehold land and buildings:

	2014 £m	2013 £m
Cost	2,311	2,311
Net book value	106	111

Included within tangible fixed assets are assets in the course of construction of £20m as at 31 December 2014 (2013: £119m).

10. Stocks

	2014 £m	2013 £m
Unburnt nuclear fuel in reactors	1,574	1,412
Other nuclear fuel and uranium stocks	255	383
Stores	129	109
	1,958	1,904

NOTES TO THE FINANCIAL STATEMENTS continued

11. Debtors

	2014 £m	2013 £m
Debtors: amounts falling due within one year		
Trade debtors	62	63
Amounts owed by other Group companies	1,408	974
Nuclear liabilities receivable	217	230
NLF receivable	104	101
Prepayments and accrued income	72	5
Other taxation and social security	3	-
Other debtors	4	5
	1,870	1,378
Debtors: amounts falling due after more than one year		
Nuclear liabilities receivable	1,164	1,315
NLF receivable	5,227	4,989
	6,391	6,304
	8,261	7,682

The nuclear liabilities receivable represents amounts due under the historic BNFL contracts which will be reimbursed by the Government.

The NLF receivable asset in the balance sheet represents amounts that will be reimbursed by the NLF equal to qualifying nuclear liabilities. The balances recognised at 31 December 2014 and 31 December 2013 are restricted in their use.

12. Creditors: amounts falling due within one year

	2014 £m	2013 £m
Bank overdraft	13	15
Nuclear liabilities (note 16)	217	230
NLF liabilities	18	17
Trade creditors	112	86
Amounts owed to other Group companies	584	651
Corporation tax (Group payments)	134	158
Other taxation and social security	-	80
Accruals and deferred income	279	258
	1,357	1,495

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

	2014 £m	2013 £m
Nuclear liabilities (note 16)	1,164	1,315
NLF liabilities	114	125
	1,278	1,440

NOTES TO THE FINANCIAL STATEMENTS continued

14. Provision for liabilities

	2014 £m	2013 £m
Nuclear liabilities (note 16)	5,296	5,072
Provision for unburnt fuel at station closure	1,030	988
Deferred taxation (note 15)	321	334
Other provisions	4	-
	6,651	6,394

The provision for unburnt fuel at station closure is expected to be utilised in line with the current accounting lives, which extend out to 2035.

The movements in provision for unburnt fuel at station closure and other provisions during the current year are as follows:

	At 1 January 2014 £m	Revalorisation £m	Change in estimate £m	Charged to P&L £m	At 31 December 2014 £m
Provision for unburnt fuel at station closure	988	53	(11)	-	1,030
Other provisions	-	-	-	4	4
	988	53	(11)	4	1,034

15. Deferred taxation

Deferred taxation provided in the financial statements is as follows:

	2014 £m	2013 £m
Short term timing differences	(2)	(1)
Accelerated capital allowances	323	335
Net deferred tax liability (note 14)	321	334

The movements in the deferred taxation liability during the current year are as follows:

	At 1 January 2014 £m	Profit and loss £m	At 31 December 2014 £m
Deferred tax provision	334	(13)	321

NOTES TO THE FINANCIAL STATEMENTS continued

16. Nuclear liabilities

	Spent fuel £m	Radioactive waste £m	Decomm- issioning £m	Total £m
At 1 January 2014	1,813	875	3,929	6,617
Charged to profit and loss account				
- revalorisation (note 7)	89	40	174	303
- updated cash flows	29	-	-	29
- operating costs	5	3	-	8
Payments in the year	(280)	-	-	(280)
At 31 December 2014	1,656	918	4,103	6,677

Nuclear liabilities are included in the balance sheet as follows:

	2014 £m	2013 £m
Creditors:		
- amounts falling due within one year (note 12)	217	230
- amounts falling due after more than one year (note 13)	1,164	1,315
Provision for liabilities (note 14)	5,296	5,072
	6,677	6,617

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 are 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.

NOTES TO THE FINANCIAL STATEMENTS continued

16. Nuclear liabilities continued

Updated cost estimates

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 the balance sheet date to reflect the timing of the payments 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	1,656	918	4,103	6,677	6,617

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.

Under the terms of the historic 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 1, the undiscounted payments in current prices are expected to become payable as follows:

	Spent fuel £m	Radioactive waste £m	Decomm- issioning £m	2014 Total £m	2013 Total £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 FINANCIAL STATEMENTS continued

17. Share capital

Allotted, called up and fully paid

	2014 Number	2013 Number	2014 £	2013 £
Ordinary shares of £1.00 each	1,000	1,000	1,000	1,000
Special rights redeemable preference shares of £1.00 each	1	1	1	1

Special rights redeemable preference share of £1

The special rights redeemable preference share is redeemable at par at any time after 30 September 2006 at the option of the Secretary of State, after consulting the Company. This share, which may only be held by and transferred to one or more of Her Majesty's Secretaries of State, another Minister of the Crown, the Solicitor for the affairs of Her Majesty's Treasury or any other person acting on behalf of the Crown, does not carry any rights to vote at general meetings, but entitles the holder to attend and speak at such meetings. The special share confers no rights to participate in the capital or profits of the Company beyond its nominal value. The consent of the holder of the special share is required for certain matters including the alteration or removal of the provisions in the Company's Articles of Association relating to the special share and to the limitations on shareholdings.

In addition, consent of the holder of the special share is required in relation to, amongst others, certain amendments to the Articles of Association of the Company. However, the holder of the special share will only be entitled to withhold consent to such an amendment if, in the holder's opinion, the matter in question would be contrary to the interests of national security. The Articles of Association include full details of these restrictions.

18. Reconciliation of shareholder's funds

	Share capital £m	Share premium £m	Profit and loss account £m	Total shareholder's funds £m
At 1 January 2013	-	72	1,864	1,936
Profit for the year	-	-	906	906
At 31 December 2013	-	72	2,770	2,842
Profit for the year	-	-	825	825
At 31 December 2014	-	72	3,595	3,667

NOTES TO THE FINANCIAL STATEMENTS continued

19. Other financial commitments

Capital expenditure contracted for but not provided in the financial statements amounted to £74m (2013: £82m).

Other financial commitments

At 31 December 2014 the Company had annual commitments in relation to other non-cancellable operating leases as set out below:

	2014 £m	2013 £m
Operating leases which expire:		
In two to five years	1	1
	1	1

Other contractual commitments

Under contractual arrangements, the Company has the following nuclear fuel commitments at 31 December 2014:

	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	Thereafter £m	2014 Total £m	2013 Total £m
Commitments to purchase in the year	271	212	117	107	90	332	1,129	1,264

20. Pension commitments

EDF Energy Nuclear Generation Limited contributes to the pension arrangement operated by British Energy Generation Group (BEGG) within the Electricity Supply Pension Scheme (ESPS). The ESPS is a defined benefit scheme, which is externally funded and subject to triennial actuarial valuation. Each pension group that participates in the ESPS is financially independent from the other groups. The BEGG defined benefits plan is a multi employer plan which is run on a basis that does not enable individual companies within the Group to identify their share of the underlying assets and liabilities. In accordance with FRS 17 the Company accounts for its contributions to the plan as if it were a defined contribution plan. The Group closed its BEGG pension arrangements to new entrants with effect from 1 August 2012.

The Company also contributes to the EDF Energy Pension Scheme (EEPS), a defined benefit scheme, which is open for new employees. The EEPS defined benefits plan is a multi employer plan which is run on a basis that does not enable the Company to identify their share of the underlying assets and liabilities. In accordance with FRS 17 the Company accounts for its contributions to the plan as if it were a defined contribution plan.

The most recent triennial valuation of both schemes was carried out as at 31 March 2013 by Aon Hewitt, the actuary for BEGG and Lane Clark and Peacock, the actuary for EEPS. The valuations for accounting purposes have been carried out using the projected unit method.

The aggregate total contribution rate to the BEGG pension scheme, from the Company and members, was 37.4% from 1 January 2014 to 31 March 2014 and 40.4% from 1 April 2014 to 31 December 2014 (2013: 37.4%). Members not participating in the salary conversion arrangement and who are therefore required to pay employee contributions contributed 6% (2013: 6%) to the scheme. Members participating in the salary conversion arrangement had their salaries reduced by 6% (2013: 6%), these monies being paid to the BEGG scheme as employer contributions.

NOTES TO THE FINANCIAL STATEMENTS continued

20. Pension commitments continued

The aggregate total contribution rate to the EEPS pension scheme, from the Company and members, was 19.4% (2013: 16.4%). Members not participating in the salary conversion arrangement and who are therefore required to pay employee contributions contributed 5% (2013: 5%) to the scheme. Members participating in the salary conversion arrangement had their salaries reduced by 5% (2013: 5%), these monies being paid to the EEPS scheme as employer contributions.

The Company's pension costs for the year ended 31 December 2014 were £155m (2013: £240m). There were no outstanding pension contributions at 31 December 2014 (2013: £nil).

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

	2014	2013
	% p.a.	% p.a.
Discount rate		
- BEGG	3.6	4.5
- EEPS	3.7	4.4
Inflation assumption		
- BEGG	3.1	3.5
- EEPS	3.2	3.5
Rate of increase in salaries		
- BEGG	3.1	3.5
- EEPS	3.2	3.5
Rate of increase of pensions increases		
- BEGG pre-2001 joiners	3.1	3.5
- BEGG post-2000 joiners	2.9	3.2
- EEPS RPI up to 5% (service to 31 March 2006)	3.0	3.2
- EEPS RPI up to 2.5% (service from 31 March 2006)	2.1	2.1

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

	2014	2013
	years	years
BEGG		
Current male pensioner aged 60	28	28
Current female pensioner aged 60	30	30
Future male pensioner currently aged 40 from age 60	29	29
Future female pensioner currently aged 40 from age 60	32	32
EEPS		
Current male pensioner aged 65	23	23
Current female pensioner aged 65	25	25
Future male pensioner currently aged 45 from age 65	24	24
Future female pensioner currently aged 45 from age 65	27	27

These assumptions are governed by FRS 17 and do not reflect the assumptions used by the independent actuaries in the triennial valuations as at 31 March 2013, which determined the Company's contribution rates for future years.

NOTES TO THE FINANCIAL STATEMENTS continued

20. Pension commitments continued

The assets and liabilities of the defined benefit retirement plans are as follows:

	BEGG 2014 £m	EEPS 2014 £m	Total 2014 £m	Total 2013 £m
Fair value of scheme assets	5,109	419	5,528	4,654
Present value of defined benefit obligations	(5,133)	(530)	(5,663)	(4,910)
Deficit in scheme	(24)	(111)	(135)	(256)
Related deferred tax asset	5	22	27	52
Net pension liability	(19)	(89)	(108)	(204)

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

	BEGG 2014 £m	EEPS 2014 £m	Total 2014 £m	Total 2013 £m
At 1 January	4,510	400	4,910	4,442
Service cost	119	48	167	148
Interest cost	204	18	222	199
Actuarial losses	454	69	523	265
Contributions by plan participants	3	-	3	3
Benefits paid	(157)	(5)	(162)	(147)
At 31 December	5,133	530	5,663	4,910

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

	BEGG 2014 £m	EEPS 2014 £m	Total 2014 £m	Total 2013 £m
At 1 January	4,317	337	4,654	4,168
Expected return on scheme assets	220	18	238	199
Actuarial gains	561	18	579	126
Contributions by employer	165	51	216	305
Contributions by plan participants	3	-	3	3
Benefits paid	(157)	(5)	(162)	(147)
At 31 December	5,109	419	5,528	4,654

NOTES TO THE FINANCIAL STATEMENTS continued

20. Pension commitments continued

The analysis of the fair value of the scheme assets were as follows:

	BEGG 2014 £m	EEPS 2014 £m	Total 2014 £m	Total 2013 £m
Equities	1,720	186	1,906	1,656
Corporate bonds	2,490	120	2,610	2,273
Property	353	35	388	353
Other	508	74	582	275
Cash	38	4	42	97
	5,109	419	5,528	4,654

History of experience gains and losses are as follows:

	BEGG 2014 £m	EEPS 2014 £m	Total 2014 £m	Total 2013 £m	Total 2012 £m	Total 2011 £m
Fair value of scheme assets	5,109	419	5,528	4,654	4,168	3,689
Present value of defined benefit obligations	(5,133)	(530)	(5,663)	(4,910)	(4,442)	(4,413)
Deficit in the scheme	(24)	(111)	(135)	(256)	(274)	(724)
Experience adjustments on scheme liabilities:						
Amount (£m)	5	(2)	3	129	(44)	(74)
Percentage of scheme liabilities	0%	0%	0%	3%	1%	2%
Experience adjustments on scheme assets:						
Amount (£m)	561	18	579	126	180	84
Percentage of scheme assets	11%	4%	10%	3%	4%	2%

21. Contingent liabilities

The Company has given certain indemnities and guarantees in respect of fellow subsidiary undertakings. No losses are anticipated to arise under these indemnities and guarantees, provided relevant subsidiary undertakings continue on a going concern basis.

The Company has given a guarantee and indemnity to the Secretary of State for Business, Innovation and Skills and the Nuclear Liabilities Fund along with a number of other Group companies in respect of their compliance with, among other agreements, the Nuclear Liabilities Funding Agreement.

The Company has provided a debenture comprising fixed and floating charges to the Secretary of State for Business, Innovation and Skills and the Nuclear Liabilities Fund along with a number of other Group companies in respect of any decommissioning default payment.

NOTES TO THE FINANCIAL STATEMENTS continued

22. Related parties

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

During the year, the Company had the following transactions with related parties:

	Sales to related parties 2014 £m	Purchases from related parties 2014 £m	Sales to related parties 2013 £m	Purchases from related parties 2013 £m
British Gas Trading Limited	616	-	639	-
Subsidiaries of EDF Energy Holdings Limited	2,473	91	2,555	82

Balances outstanding with related parties at 31 December were as follows:

	Amounts owed by related parties 2014 £m	Amounts owed to related parties 2014 £m	Amounts owed by related parties 2013 £m	Amounts owed to related parties 2013 £m
British Gas Trading Limited	57	-	62	-
Subsidiaries of EDF Energy Holdings Limited	223	-	286	-

The Company purchased 107 tonnes (2013: 195 tonnes) of Enriched Uranium Product (EUP), with an approximate value of £97m (2013: £199m) from EDF SA, which has been recognised within the stock balance. The balance remaining at 31 December 2014 was £36m credit (2013: £9m payable). In addition, the Company has paid a further £49m (2013: £82m) for 98 tonnes (2013: 139 tonnes) of EUP due to be delivered in 2015.

23. Parent undertaking and controlling party

British Energy Generation (UK) Limited holds a 100% interest in EDF Energy Nuclear Generation Limited and is considered to be the immediate parent company. This interest is currently pledged to Nuclear Liabilities Fund Limited. EDF Energy Holdings Limited is the smallest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from 40 Grosvenor Place, Victoria, London, SW1X 7EN.

At 31 December 2014, 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.