Financial Report 2013|14

Axpo Holding AG

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Financial Report

Solid operating result in difficult market conditions

In the 2013/14 financial year, the market environment in which Axpo Group operated continued to be driven by low wholesale prices for electricity. Prices came under pressure as a result of the gloomy economic outlook in many parts of Europe, low prices for coal and CO_2 certificates and the unabated rise in feed-ins of subsidised energy, particularly in Germany. Despite this difficult market situation, Axpo made significant advances and posted a solid operating result. Measures to increase profitability, the new strategic orientation and the profitable expansion of our business activities in Europe contributed positively to this result, as a consequence of which the Group closed the year with a solid operating income (earnings before interest, tax, depreciation and amortisation) of CHF 635 million. Nevertheless, impairment losses outweighed operating income, weighing down the overall result. Due to ongoing distortions on the market which are lowering future expectations of European wholesale prices, significant adjustments had to be made to the values of power plants and energy procurement contracts. As a result, impairments totalling CHF 1.5 billion were charged to the consolidated financial statements, leading to a loss of CHF 730 million (previous year: profit of CHF 212 million). At CHF 765 million (previous year: CHF 876 million), the level of cash flow from operating activities remained sufficient to almost fully fund the net investments of CHF 779 million and allowed net financial assets of CHF 0.9 billion to be retained despite an unfavourable market environment. The good liquidity situation and solid equity ratio of 37.2% provide the Axpo Group with the necessary financial leeway to tackle current challenges.

Revenue by region

In the year under review, the Axpo Group generated total revenues of CHF 6,672 million, corresponding to a reduction of CHF 353 million or 5% compared with the previous year. In addition to one-off earnings generated in the previous year, the lower figure is mainly attributable to lower gas sales volumes due to the expiry of a procurement contract, as well as lower sales prices in the electricity business. While the volume of electricity sold rose by 12% to 67.9 TWh, average prices were lower. While the cantonal utilities of Northeastern Switzerland purchased around 2.7 TWh less electricity from Axpo, electricity sales in Italy grew by 5.4 TWh. Axpo now delivers electricity and natural gas to some 100,000 SMEs and businesses in Italy. Good progress was achieved in the business with multinationals and energy-intensive companies in various countries throughout Europe.

At CHF 142 million, the result posted by the more volatile proprietary trading business was lower than the multi-year average and the above-average prior-year figure (CHF 276 million). Thanks to the Europe-wide reach of the trading business, however, fluctuations were significantly evened out. Axpo intends to increase the focus on activities abroad in view of the revenue-generating potential inherent in this business.

Operating expenses impact cost savings

Costs related to energy procurement, grid usage and goods were CHF 298 million or 7% higher year-on-year at CHF 4,775 million. The annual impairment test of production facilities and energy procurement rights gave rise to a reappraisal of future electricity price trends and costs of the electricity procurement portfolio. As a result, impairment losses totalling CHF 1.5 billion were charged to income, of which energy procurement expenses accounted for CHF 325 million (previous year: CHF 85 million). Higher volumes for third-party electricity procurement and higher electricity transit costs also drove operating costs up.

Non-energy-related or grid-related operating expenses amounted to CHF 1,262 million. This figure includes gains of CHF 25 million from the adjustment in the cost base. The one-off decrease of CHF 66 million in current service costs was recognised in the prior year and did not apply during the year under review. The number of employees in the 2013/14 financial year fell by 32 FTEs to 4,477. While headcount in Switzerland was reduced by 64 positions, headcount abroad grew by 32 FTEs due to the expansion of origination and retail activities. At CHF 635 million, earnings before interest, tax, depreciation and amortisation (EBITDA) were CHF 715 million below the prior-year figure of CHF 1,350 million.

Depreciation and amortisation significantly higher

At CHF 1,506 million, depreciation and amortisation was CHF 520 million higher compared with the previous year. The aforementioned adjustment in the value of production plants and energy procurement rights due to the unabated fall in prices resulted in major impairment charges totalling CHF 1,189 million (previous year: CHF 630 million). The impairments concern the Group's own facilities and interests in hydro and nuclear power plants, small-scale hydro and biomass plants in Switzerland, long-term procurement contracts for electricity from French nuclear power plants, as well as gas-fired combined-cycle power plants and wind farms in Europe. In the course of regular review of production plant amortisation periods, it was decided to extend the fiscal amortisation period for the Beznau nuclear power plant to 60 years in order to bring it into line with the current economic and safety evaluation and with investment planning.

Operating result impacted by major impairment charges
The Axpo Group's earnings before interest and taxes (EBIT) amounted to CHF –871 million (previous year: CHF 364 million). The decline in EBIT posted by the Assets segment was heavily impacted by the high impairment charges. EBIT for the Trading & Sales segment was weighed down by an adjustment in the contracts with cantonal utilities: since 1 January 2014, all cantonal utilities have been supplied at market-based prices. Various internal cost transfer mechanisms based on production costs also had a negative effect on the operating result compared with the previous year. The impairment charges also had a major impact on the CKW segment. In addition, several non-recurring effects which had a positive impact on the prior-year result do not apply in the year under review.

Negative net result
The financial result increased year-on-year by CHF 158 million. The securities measured at fair value in the Decommissioning and Waste Disposal Fund for the Beznau nuclear power plant contributed a highly satisfactory return of CHF 182 million or 10.7%, outperforming the prior-year figure of CHF 87 million. The prior-year effects of falling rates for financial and equity investments and gains from the sale of equity interests did not apply in the 2013/14 financial year. Income taxes also fell due to the reduction in earnings before tax. Earnings were well below the prior-year profit of CHF 212 million, ending the year with a loss of CHF 730 million.

Financial flexibility assured
At CHF 20.2 billion as at 30 September 2014, the total assets of the Axpo Group remained virtually unchanged from the previous year. Property, plant and equipment and intangible assets were CHF 0.9 billion lower, chiefly due to the recognition of impairments. The yield-based extension of the investment horizon to more than three months resulted in an increase of CHF 1.2 billion in current financial receivables, reducing cash and cash equivalents accordingly by CHF 0.9 billion to CHF 2.0 billion. Additional borrowings raised in connection with the construction of the Linth-Limmern pumped-storage power plant, which is proceeding according to plan, increased financial liabilities by CHF 0.4 billion. With net financial assets maintained at CHF 0.9 billion despite the unfavourable market environment, and a solid equity ratio of 37.2% (previous year: 40.5%), Axpo has the necessary financial flexibility.

Restrictive investment activities
At CHF 765 million (previous year: CHF 876 million), cash flow from operating activities confirms the solid operating result. Investments continued to be subjected to strict controls, with priority accorded to safety-relevant investments and profitable projects. Significant projects in the 2013/14 financial year were the autonomous emergency power supply system at the Beznau nuclear power plant, construction of the Linth-Limmern pumped-storage power plant and acquisition of a stake in a wind farm in France. At the same time, work to maintain and expand the grid infrastructure was driven forward. At CHF 779 million, net investments in non-current assets were CHF 37 million higher than in the previous year and were almost fully financed from current cash flow. However, free cash flow failed to reach the prior-year level of CHF 134 million, falling to CHF –14 million.

The Board of Directors will propose to the Annual General Meeting the dividend payout be waived.

Outlook
With ongoing subsidisation and a weak economy, there are no indications of a return to rising wholesale prices for electricity in Europe in the foreseeable future. This being the case, over the next few years Axpo must continue to focus on improving profitability, optimising the core business, set even clearer priorities in terms of investment management and drive forward development and innovation in order to tap into new, profitable sources of revenue. Given the major regulatory and political uncertainties at present, management must focus in particular on ensuring a stable financial situation and sufficient liquidity.

Changes to the accounting and valuation principles
From the beginning of the 2013/14 financial year, Axpo will apply the new and revised standards IAS 19 as well as IFRS 10 and 11, among others, with retroactive adjustment of the 2012/13 figures. This concerns in particular the inclusion of six partner plants in the scope of consolidation.

Consolidated income statement

CHF m	Notes	2013/14	2012/13 restated 1)
Sales from energy and grid usage	9	6 533.4	6 735.9
Changes in inventories		2.9	–22.4
Capitalised production costs		99.8	119.1
Other operating income		36.0	192.8
Revenues		**6 672.1**	**7 025.4**
Energy procurement, grid usage and cost of goods	10	–4 775.2	–4 477.2
Materials and third-party supplies		–185.1	–217.6
Personnel expenses	11	–654.7	–602.5
Other operating expenses	12	–422.0	–377.9
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**635.1**	**1 350.2**
Depreciation, amortisation and impairments	13	–1 506.1	–986.2
Earnings before interest and tax (EBIT)		**–871.0**	**364.0**
Share of profit of associates	18	74.9	44.8
Financial income	14	320.4	244.9
Financial expense	14	–313.3	–395.4
Earnings before tax (EBT)		**–789.0**	**258.3**
Income tax expense	15	59.5	–46.0
Result for the period		**–729.5**	**212.3**
attributable to:			
Axpo Holding shareholders		**–745.6**	**179.0**
Non-controlling interests		**16.1**	**33.3**

	2013/14	2012/13 restated 1
Earnings per share		
Total average registered shares issued at a par value of CHF 10	37 000 000	37 000 000
Result for the period in CHF millions	–745.6	179.0
Earnings per share in CHF	**–20.2**	**4.8**

1) Restated due to the first-time adoption of IAS 19 rev. as well as IFRS 10 and 11

There are no circumstances that would lead to a dilution in earnings per share.

Consolidated statement of comprehensive income

CHF m	Notes	2013/14	2012/13 restated [1]
Result for the period		**–729.5**	**212.3**
Cash flow hedge		**47.3**	**228.6**
Fair value adjustments		71.3	341.8
Result transferred to the income statement		–4.0	–51.7
Income taxes on fair value adjustments		–20.0	–61.5
Available-for-sale financial assets		**90.5**	**38.5**
Fair value adjustments		107.6	26.6
Result transferred to the income statement		–9.5	15.2
Income taxes on fair value adjustments		–7.6	–3.3
Foreign exchange differences		**–16.3**	**11.3**
Exchange differences for the year		–16.3	11.3
Income and expenses not recycable to the income statement, net after income tax		**121.5**	**278.4**
Remeasurement defined benefit plans (Group companies)		**–110.6**	**200.3**
Remeasurement defined benefit plans		–134.2	239.4
Income taxes		23.6	–39.1
Remeasurement defined benefit plans (partner plants and other associates)		**–35.8**	**35.8**
Remeasurement defined benefit plans		–44.7	44.7
Income taxes		8.9	–8.9
Income and expenses recycable to the income statement, net after income tax		**–146.4**	**236.1**
Other comprehensive income, net of tax		**–24.9**	**514.5**
Total comprehensive income		**–754.4**	**726.8**
attributable to:			
Axpo Holding shareholders		**–759.5**	**672.1**
Non-controlling interests		**5.1**	**54.7**

1) Restated due to the first-time adoption of IAS 19 rev. as well as IFRS 10 and 11

Consolidated balance sheet

CHF m	Notes	30.9.2014	30.9.2013 restated [1]	1.10.2012 restated [1]
Assets				
Property, plant and equipment	16	5 090.7	5 436.9	5 541.9
Intangible assets	17	750.4	1 295.2	1 488.7
Ownership interests in partner plants and other associates	18	1 559.1	1 628.3	1 306.9
Positive replacement values	6	926.2	557.5	208.1
Other financial assets	20	2 139.4	1 985.5	1 565.6
Investment properties	21	28.0	30.5	44.8
Other receivables	26	2 085.9	1 912.7	1 621.4
Deferred tax assets	15	64.7	59.5	83.8
Total non-current assets		**12 644.4**	**12 906.1**	**11 861.2**
Assets held for sale	22	17.9	0.0	729.3
Inventories	23	543.9	549.0	303.2
Trade receivables	24	742.6	604.8	724.4
Financial receivables	25	1 462.2	298.8	266.6
Current tax assets		49.9	30.2	33.9
Positive replacement values	6	777.1	1 192.2	1 138.6
Other receivables	26	1 969.8	2 049.9	2 370.2
Other financial assets	20	0.7	0.5	0.5
Cash and cash equivalents	27	2 010.1	2 925.0	2 793.8
Total current assets		**7 574.2**	**7 650.4**	**8 360.5**
Total assets		**20 218.6**	**20 556.5**	**20 221.7**
Equity and liabilities				
Share capital		370.0	370.0	370.0
Retained earnings		6 716.0	7 547.2	6 950.9
Total equity attributable to Axpo shareholders		**7 086.0**	**7 917.2**	**7 320.9**
Non-controlling interests		431.4	413.6	364.4
Total equity including non-controlling interests		**7 517.4**	**8 330.8**	**7 685.3**
Financial liabilities	29	4 329.5	3 977.5	3 800.3
Negative replacement values	6	516.4	167.9	110.1
Other liabilities	31	465.2	339.1	554.9
Deferred tax liabilities	15	292.1	489.5	485.1
Provisions	32	3 183.7	2 963.9	2 859.3
Total non-current liabilities		**8 786.9**	**7 937.9**	**7 809.7**
Liabilities held for sale	22	0.0	0.0	70.8
Trade payables		538.9	493.0	539.5
Financial liabilities		348.4	271.0	388.9
Current tax liabilities		127.4	81.2	85.0
Negative replacement values	6	569.1	979.9	938.3
Other liabilities	33	2 105.1	2 318.3	2 590.6
Provisions	32	225.4	144.4	113.6
Total current liabilities		**3 914.3**	**4 287.8**	**4 726.7**
Total liabilities		**12 701.2**	**12 225.7**	**12 536.4**
Total equity and liabilities		**20 218.6**	**20 556.5**	**20 221.7**

1) Restated due to the first-time adoption of IAS 19 rev. as well as IFRS 10 and 11

Consolidated statement of changes in equity

CHF m	Share capital	Reserves from hedge accounting 1)	Unrealised gains and losses 1)	Foreign exchange differences	Other retained earnings	Total retained earnings 2)	Total equity excluding non-controlling interests	Non-controlling interests	Total equity including non-controlling interests
Equity at 30.9.2012 published	**370.0**	**36.6**	**120.0**	**–302.2**	**7 422.5**	**7 276.9**	**7 646.9**	**322.9**	**7 969.8**
Change in accounting principles					–326.0	**–326.0**	**–326.0**	41.5	**–284.5**
Equity at 1.10.2012 restated 3)	**370.0**	**36.6**	**120.0**	**–302.2**	**7 096.5**	**6 950.9**	**7 320.9**	**364.4**	**7 685.3**
Change in available-for-sale financial assets and liabilities			41.8			**41.8**	**41.8**	0.0	**41.8**
Change in cash flow hedges		283.4				**283.4**	**283.4**	6.7	**290.1**
Foreign currency translation				10.4		**10.4**	**10.4**	0.9	**11.3**
Remeasurement defined benefit plans					268.0	**268.0**	**268.0**	16.1	**284.1**
Deferred taxes on other comprehensive income		–60.3	–3.3		–46.9	**–110.5**	**–110.5**	–2.3	**–112.8**
Total other income after income tax		**223.1**	**38.5**	**10.4**	**221.1**	**493.1**	**493.1**	**21.4**	**514.5**
Result for the period					179.0	**179.0**	**179.0**	33.3	**212.3**
Total comprehensive income		**223.1**	**38.5**	**10.4**	**400.1**	**672.1**	**672.1**	**54.7**	**726.8**
Dividend					–74.0	**–74.0**	**–74.0**	–7.8	**–81.8**
Change in consolidation scope					–1.8	**–1.8**	**–1.8**	1.0	**–0.8**
Increase in capital of non-controlling interests								1.3	**1.3**
Equity at 30.9.2013 restated 3)	**370.0**	**259.7**	**158.5**	**–291.8**	**7 420.8**	**7 547.2**	**7 917.2**	**413.6**	**8 330.8**
Change in available-for-sale financial assets and liabilities			98.1			**98.1**	**98.1**	0.0	**98.1**
Change in cash flow hedges		68.4				**68.4**	**68.4**	–1.1	**67.3**
Foreign currency translation				–16.3		**–16.3**	**–16.3**	0.0	**–16.3**
Remeasurement defined benefit plans					–167.4	**–167.4**	**–167.4**	–11.5	**–178.9**
Deferred taxes on other comprehensive income		–19.8	–7.6		30.7	**3.3**	**3.3**	1.6	**4.9**
Total other income after income tax		**48.6**	**90.5**	**–16.3**	**–136.7**	**–13.9**	**–13.9**	**–11.0**	**–24.9**
Result for the period					–745.6	**–745.6**	**–745.6**	16.1	**–729.5**
Total comprehensive income		**48.6**	**90.5**	**–16.3**	**–882.3**	**–759.5**	**–759.5**	**5.1**	**–754.4**
Dividend					–74.0	**–74.0**	**–74.0**	–10.2	**–84.2**
Change in consolidation scope					2.3	**2.3**	**2.3**	2.9	**5.2**
Increase and decrease in capital of non-controlling interests								20.0	**20.0**
Equity at 30.9.2014	**370.0**	**308.3**	**249.0**	**–308.1**	**6 466.8**	**6 716.0**	**7 086.0**	**431.4**	**7 517.4**

1) The change in unrealised gains and losses is explained in Note 28 “Equity - Changes in value of financial instruments recognised in equity according to IAS 39”.
2) The statutory financial statements of Axpo Holding AG are the basis for measuring the maximum distributable portion of retained earnings.
3) Restated due to the first-time adoption of IAS 19 rev. as well as IFRS 10 and 11

The share capital is divided into 37,000,000 registered shares with a par value of CHF 10 each.

Consolidated cash flow statement

CHF m	Notes	2013/14	2012/13 restated [1]
Earnings before tax (EBT)		–789.0	258.3
Financial result		–7.1	150.5
Share of profit of associates	18	–74.9	–44.8
Earnings before interest and tax EBIT		**–871.0**	**364.0**
(Gains)/losses on disposal of non-current assets		3.8	–78.3 [2]
Adjustment of non-cash expenses and income:			
Depreciation, amortisation and impairments	13	1 506.1	986.2
Allocation and release of provisions (excluding interest, net)	32	412.8	74.3
Unrealised result on derivatives		73.9	–55.9
Bad debt and provisions on inventories		6.6	–5.2
Other non-cash items		–18.5	–31.8
Change in net working capital:			
Change in inventories		–31.4	–220.1
Change in trade receivables		–145.3	119.5
Change in other receivables		228.2	163.9
Change in trade payables		46.5	–28.9
Change in other liabilities (current)		–304.2	–299.5
Change in replacement values		53.5	30.1
Use of provisions	32	–94.9	–89.2
Dividends received		42.2	41.1
Other financial result		–17.3	29.7
Income taxes paid		–125.8	–124.4
Cash flow from operating activities		**765.2**	**875.5**
Property, plant and equipment:			
Investments net of capitalised borrowing costs	16	–700.1	–623.6
Disposals and cost contributions		29.7	11.3
Intangible assets:			
Investments (excluding goodwill)	17	–17.0	–20.0
Disposals		0.9	0.7
Investments in subsidiaries (net of cash acquired)	7	0.6	–14.7
Disposals of subsidiaries (net of cash transferred)		0.8	–0.2
Cash flow from non-current assets held for sale		0.0	46.8
Ownership interest in associates:			
Investments	18	–48.8	–110.7 [3]
Disposals and capital repayments		8.1	17.0
Other financial assets:			
Investments		–435.4	–265.9
Disposals and repayments		45.6	172.4
Receivables from state funds		–52.8	–48.2
Investment properties:			
Disposals		5.7	26.4
Financial receivables (current)		–826.1 [4]	221.2
Change in other financial assets (current assets)		–0.2	0.0
Interest received		58.2	37.8
Cash flow from investing activities		**–1 930.8**	**–549.7**

CHF m	Notes	2013/14	2012/13 restated [1]
Financial liabilities (non-current):			
Proceeds		428.5	191.0
Repayment		–5.3	–4.2
Other liabilities (non-current):			
Proceeds		20.3	14.1
Repayment		–0.1	–3.0
Financial liabilities (current):			
Proceeds		461.9	304.8
Repayment		–437.5	–483.3
Acquisition of non-controlling interests		20.0	1.9
Dividend payments (incl. non-controlling interests)		–84.2	–81.8
Interest paid		–139.8	–136.2
Cash flow from financing activities		**263.8**	**–196.7**
Currency translation effect		–13.1	2.1
Change in cash and cash equivalents		**–914.9**	**131.2**
Cash and cash equivalents at the beginning of the reporting period		**2 925.0**	**2 793.8**
Cash and cash equivalents at the end of the reporting period	27	**2 010.1** [4]	**2 925.0**

1) Restated due to the first-time adoption of IAS 19 rev. as well as IFRS 10 and 11
2) The gains on disposal of non-current assets primarily relate to the gain from the sale of Nordostschweizerischen Kraftwerke Grid AG, EGL Grid AG and CKW Grid AG totalling CHF 42.0 million, the gain of CHF 35.4 million from the sale of interests in Trans Adriatic Pipeline AG, and the gain of CHF 12.7 million from the disposal of investment properties. These gains are included under "Other operating income".
3) In the previous year, the value of the shares held in Swissgrid AG increased by CHF 219.6 million (see Note 18 "Ownership interests in partner plants and other associates"). Since this increase had no direct impact on cash flows, the cash outflow from investments in associates cannot be reconciled with the additions in the table in Note 18 "Ownership interests in partner plants and other associates".
4) Due to the exceptionally low interest rates on money markets, liquidity investments (time deposits) of CHF 945.4 million, with a term of more than 90 days, were made in the year under review. These investments therefore no longer meet the criteria for cash and cash equivalents, and are recognised as current financial receivables provided the term does not exceed twelve months from the balance sheet date.

Notes to the consolidated financial statements

1 | General information

Axpo Holding AG is a public limited company incorporated under Swiss law, and was established on 16 March 2001 with its registered office in Baden. Axpo Holding and its subsidiaries constitute the Axpo Group. An overview of the Group's principal ownership interests is provided in Note 40 "Investments". The Axpo Group owns and operates power-generating plants and distribution grids at all voltage levels and guarantees a reliable supply of energy in the markets it supplies. The company also engages in international energy trading. The Axpo Group employed 4,477 staff as at 30 September 2014.

2 | Accounting principles

The consolidated financial statements for the 2013/14 financial year provide a true and fair view of the assets, financial position and results of operations of the Axpo Group in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law. The consolidated financial statements were approved by the Board of Directors of Axpo Holding AG on 15 December 2014 and are still to be approved by the Annual General Meeting on 13 March 2015.

Measurement bases

The consolidated financial statements are based on the historic cost principle, with the exception of the following assets and liabilities, which have been recorded in the balance sheet at fair value: positive and negative replacement values and available-for-sale financial assets held for trading purposes. Non-current assets and groups of assets held for sale are valued at the lower of their carrying amount or fair value less anticipated costs to sell.

Significant changes in the accounting and measurement principles

All standards and interpretations in force at the end of the reporting period were applied when preparing the consolidated financial statements. The Axpo Group adopted the following new and revised standards and interpretations for the first time for the 2013/14 financial year:

- IAS 19 (amended) – Employee Benefits (1 January 2013)
- IAS 19 (amended) – Defined Benefit Plans: Employee Contributions (1 July 2014)
- IAS 27 (revised) – Separate Financial Statements (1 January 2013)
- IAS 28 (revised) – Investments in Associates and Joint Ventures (1 January 2013)
- IAS 36 (amended) – Recoverable Amount Disclosures for Non-finanical Assets (1 January 2013)
- IFRS 7 (amended) – Disclosures – Offsetting Financial Assets and Financial Liabilities (1 January 2013)
- IFRS 10 – Consolidated Financial Statements (1 January 2013)
- IFRS 11 – Joint Arrangements (1 January 2013)
- IFRS 12 – Disclosure of Interests in Other Entities (1 January 2013)
- IFRS 13 – Fair Value Measurement (1 January 2013)
- IFRS 10, IFRS 11, IFRS 12 (amended) – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities – Transition Guidance (1 January 2013)
- IFRSs (Cyclus 2009 – 2011) – Annual Improvements (1 January 2013)

In the case of changes in the presentation for current reporting purposes, like-for-like data taken over from the prior year has been reclassified or amended as and when necessary in the consolidated income statement and balance sheet as well as the notes to the consolidated statements. Where appropriate, explanations have been provided.

The standards and revised standards applied by the Axpo Group had the following impact on the consolidated financial statements of the Axpo Group:

IAS 19 (amended) – Employee Benefits

Up to now, the Axpo Group has recognised actuarial gains and losses arising from periodic recalculations on a straight-line basis for the average remaining years of service, provided they exceed 10% of assets or pension fund liabilities, whichever is higher (corridor approach). The elimination of the corridor approach with effect from 1 January 2013 means that actuarial gains and losses must be recognised directly in equity without affecting profit or loss and included under other comprehensive income. The revised IAS 19 also provides for a net interest component. This is calculated by multiplying the net pension liability by the discount rate. Since the net pension liability comprises plan assets as well as plan liabilities, this approach implicitly offsets interest expense and income (which replaces the hitherto expected return on assets). At the same time, the expected return on plan assets is reduced to the interest on income measured on the basis of the discount rate. To date, the return on plan assets has been estimated based on market expectations of returns on the investment portfolio.

Since the changes must be applied retroactively, the previous year's figures have been duly adjusted. The quantitative effects of these changes are shown in the tables on pages 15 to 20.

In November 2013, an amendment to IAS 19 was published that introduces an accounting policy choice for companies with employee contributions that are dependent on years of service. Such companies can choose whether or not to apply risk sharing when calculating plan liabilities and costs. The Axpo Group opted for early adoption of this amendment as at 1 October 2013 and has applied risk sharing when calculating plan liabilities and costs.

IFRS 7 (amended) – Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to IFRS 7 require new disclosures for financial assets and financial liabilities which are offset in the balance sheet and for master netting agreements and similar agreements which do not meet the criteria for offsetting in accordance with IAS 32. As a result of these changes, the Axpo Group has extended its disclosures on offsetting financial assets and financial liabilities (see Note 6 "Financial risk management").

IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements

The Axpo Group has applied IFRS 10 Consolidated Statements, IFRS 11 Joint Arrangements and the related amendments to IAS 28 Investments in Associates and Joint Ventures for the first time in the 2013/14 financial year, with retroactive adjustment of the statements for the 2012/13 financial year.

The effects of IFRS 10 and IFRS 11 relate primarily to partner plants. The partner plants are companies that plan, build, maintain or operate power plants, grids or nuclear depots or that manage energy purchase rights. Investments in partner plants are interests into which the Axpo Group has entered with one or more partners. These may be minority or majority shareholdings. The shareholders in partner plants have undertaken to purchase a portion of the energy or to pay a proportion of the annual costs.

Until the introduction of IFRS 10 and IFRS 11, these investments were recognised as joint ventures under the terms of IAS 31. The option of applying the pro rata equity method in accordance with IAS 28 was utilised.

IFRS 10 introduces a new definition of control. Control over an investment entity is deemed to exist when the investor is exposed, or has rights to, fluctuating returns through its involvement with the investment entity and has the ability to affect those returns through its power over the investment entity. The rights arising from its power over the investment must be substantial. In practice, this means that the owner must be in a position to exercise these rights.

IFRS 11 sets down the accounting principles for joint arrangements where two or more parties exercise joint control. In contrast to IAS 31, IFRS 11 no longer determines the type of joint arrangement solely on the basis of the legal form, but also based on an assessment of the effective rights of the parties to the capital or their rights to assets and obligations for the liabilities. These rights and obligations must be recognised depending on the type of joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Axpo therefore analysed its investments in partner plants with due consideration to the new requirements of IFRS 10 and the concept of control. In keeping with the transition requirements of IFRS 10, the evaluation became effective on 1 October 2013. Axpo came to the conclusion that it exercises control as defined by IFRS 10 over the following companies, which will therefore be included in the group of consolidated companies with retroactive application to 1 October 2012:

– Kraftwerke Linth-Limmern AG
– Kraftwerk Eglisau-Glattfelden AG
– Kraftwerke Vorderrhein AG
– Albula-Landwasser Kraftwerke AG
– Kraftwerke Ilanz AG
– Kraftwerke Sarganserland AG

The definitions of a business according to IFRS 3 apply to the partner plants. Consequently, these companies, provided they constitute acquisitions and have not been founded by Axpo, are recognised using the acquisition method according to IFRS 3 with effect from 1 October 2013, with retroactive application to 1 October 2012. Under the terms of the transition requirements, identifiable assets and liabilities are measured and recognised at their fair values at the acquisition date or at the earliest date on which all pertinent information becomes available. The quantitative effects of these changes are shown in the tables on pages 15 to 20.

In the case of some partner plants in which the Axpo Group is the majority shareholder, it was found that Axpo did not exercise control. The Group operates these partner plants in conjunction with other commercial energy companies in the Swiss market, which also have stakes in other partner plants in which Axpo does not hold a majority interest. Given the mutual dependencies/interests and the conditions governing the Swiss electricity market, Axpo has concluded that the voting rights it holds in these cases do not represent substantial rights and that it therefore does not exercise the relevant power of control. These partner plants are classified as associates and continue to be accounted for using the equity method, since the Group exercises significant influence but does not control them.

Partner plants in which Axpo does not hold a majority interest or exercise control were examined to determine whether they are subject to joint control as defined in IFRS 11. This is not the case, as it would require contractually agreed unanimous consent. These partner plants are classified as associates and continue to be accounted for using the equity method.

Disclosure of interests in other entities

As a result of IFRS 12, the Axpo Group has extended its disclosures on interests in subsidiaries (see Note 19 "Subsidiaries with significant minority interests") and on interests in partner plants and other associates accounted for using the equity method (see Note 18 "Ownership interests in partner plants and other associates").

Recoverable amount disclosures for non-financial assets

The Axpo Group has opted to adopt the amendments to IAS 36 early for the 2013/14 financial year. The amendment removes the requirement which had to be applied for the first time for financial years beginning on or after 1 January 2013, according to which the recoverable amount of a cash-generating unit must be disclosed along with goodwill if no impairment or impairment reversal has been recognised in the current reporting year.

Summary of quantitative effects

The adoption of IAS 19 rev., IFRS 10 and IFRS 11 has necessitated adjustments to prior-year periods. The following presents the effects on the relevant positions in the income statement, the statement of comprehensive income, earnings per share, the balance sheet and the cash flow statement:

Consolidated income statement 2012/13, adjusted

CHF m	2012/13 published	Restatement IAS 19 rev.	Restatement IFRS 10/11 [1]	2012/13 restated
Sales from energy and grid usage	6 774.4	0.0	–38.5	6 735.9
Changes in inventories	–22.4	0.0	0.0	–22.4
Capitalised production costs	90.8	0.0	28.3	119.1
Other operating income	177.5	0.0	15.3	192.8
Revenues	**7 020.3**	**0.0**	**5.1**	**7 025.4**
Energy procurement, grid usage and cost of goods	–4 790.5	–6.1	319.4	–4 477.2
Materials and third-party supplies	–208.6	0.0	–9.0	–217.6
Personnel expenses	–586.6	–7.0	–8.9	–602.5
Other operating expenses	–332.7	0.0	–45.2	–377.9
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**1 101.9**	**–13.1**	**261.4**	**1 350.2**
Depreciation, amortisation and impairments	–790.0	0.0	–196.2	–986.2
Earnings before interest and tax (EBIT)	**311.9**	**–13.1**	**65.2**	**364.0**
Share of profit of associates	53.4	1.3	–9.9	44.8
Financial income	227.0	0.0	17.9	244.9
Financial expense	–339.7	0.0	–55.7	–395.4
Earnings before tax (EBT)	**252.6**	**–11.8**	**17.5**	**258.3**
Income tax expense	–39.9	1.6	–7.7	–46.0
Result for the period	**212.7**	**–10.2**	**9.8**	**212.3**
attributable to:				
Axpo Holding shareholders	**180.1**	**–9.7**	**8.6**	**179.0**
Non-controlling interests	**32.6**	**–0.5**	**1.2**	**33.3**

	2012/13 published	Restatement IAS 19 rev.	Restatement IFRS 10/11 [1]	2012/13 restated
Earnings per share				
Total average registered shares issued at a par value of CHF 10	37 000 000	37 000 000	37 000 000	37 000 000
Result for the period in CHF millions	180.1	–9.7	8.6	179.0
Earnings per share in CHF	**4.9**	**–0.3**	**0.2**	**4.8**

1) The changes resulting from IAS 19 rev. for new fully consolidated partner plants in accordance with IFRS 10 are shown in the column Restatement IFRS 10/11.

Consolidated statement of comprehensive income 2012/13, adjusted

CHF m	2012/13 published	Restatement IAS 19 rev.	Restatement IFRS 10/11 [1]	2012/13 restated
Result for the period	**212.7**	**–10.2**	**9.8**	**212.3**
Cash flow hedge	**228.6**	**0.0**	**0.0**	**228.6**
Fair value adjustments	341.8	0.0	0.0	341.8
Result transferred to the income statement	–51.7	0.0	0.0	–51.7
Income taxes on fair value adjustments	–61.5	0.0	0.0	–61.5
Available-for-sale financial assets	**38.5**	**0.0**	**0.0**	**38.5**
Fair value adjustments	26.6	0.0	0.0	26.6
Result transferred to the income statement	15.2	0.0	0.0	15.2
Income taxes on fair value adjustments	–3.3	0.0	0.0	–3.3
Foreign exchange differences	**11.3**	**0.0**	**0.0**	**11.3**
Exchange differences for the year	11.3	0.0	0.0	11.3
Income and expenses recyclable to the income statement, net after income tax	**278.4**	**0.0**	**0.0**	**278.4**
Remeasurement defined benefit plans (Group companies)	**0.0**	**194.7**	**5.6**	**200.3**
Remeasurement defined benefit plans	0.0	232.7	6.7	239.4
Income taxes	0.0	–38.0	–1.1	–39.1
Remeasurement defined benefit plans (partner plants and other associates)	**0.0**	**35.8**	**0.0**	**35.8**
Remeasurement defined benefit plans	0.0	44.7	0.0	44.7
Income taxes	0.0	–8.9	0.0	–8.9
Income and expenses not recyclable to the income statement, net after income tax	**0.0**	**230.5**	**5.6**	**236.1**
Other comprehensive income, net of tax	**278.4**	**230.5**	**5.6**	**514.5**
Total comprehensive income	**491.1**	**220.3**	**15.4**	**726.8**
Attributable to:				
Axpo Holding shareholders	**452.1**	**206.4**	**13.6**	**672.1**
Non-controlling interests	**39.0**	**13.9**	**1.8**	**54.7**

1) The changes resulting from IAS 19 rev. for new fully consolidated partner plants in accordance with IFRS 10 are shown in the column Restatement IFRS 10/11.

Consolidated balance sheet as at 1.10.2012

CHF m	1.10.2012 published	Restatement IAS 19 rev.	Restatement IFRS 10/11 [1]	1.10.2012 restated
Assets				
Property, plant and equipment	3 710.9	0.0	1 831.0	5 541.9
Intangible assets	1 316.6	0.0	172.1	1 488.7
Ownership interests in partner plants and other associates	1 764.4	–63.1	–394.4	1 306.9
Positive replacement values	208.1	0.0	0.0	208.1
Other financial assets	1 585.6	0.0	–20.0	1 565.6
Investment properties	43.5	0.0	1.3	44.8
Other receivables	1 635.0	–13.6	0.0	1 621.4
Deferred tax assets	41.8	41.0	1.0	83.8
Total non-current assets	**10 305.9**	**–35.7**	**1 591.0**	**11 861.2**
Assets held for sale	729.3	0.0	0.0	729.3
Inventories	303.2	0.0	0.0	303.2
Trade receivables	721.4	0.0	3.0	724.4
Financial receivables	284.6	0.0	–18.0	266.6
Current tax assets	33.9	0.0	0.0	33.9
Positive replacement values	1 138.6	0.0	0.0	1 138.6
Other receivables	2 374.1	0.0	–3.9	2 370.2
Other financial assets	0.5	0.0	0.0	0.5
Cash and cash equivalents	2 792.7	0.0	1.1	2 793.8
Total current assets	**8 378.3**	**0.0**	**–17.8**	**8 360.5**
Total assets	**18 684.2**	**–35.7**	**1 573.2**	**20 221.7**
Equity and liabilities				
Share capital	370.0	0.0	0.0	370.0
Retained earnings	7 276.9	–321.2	–4.8	6 950.9
Total equity attributable to Axpo shareholders	**7 646.9**	**–321.2**	**–4.8**	**7 320.9**
Non-controlling interests	322.9	–22.1	63.6	364.4
Total equity including non-controlling interests	**7 969.8**	**–343.3**	**58.8**	**7 685.3**
Financial liabilities	1 922.1	–5.1	1 883.3	3 800.3
Negative replacement values	110.1	0.0	0.0	110.1
Other liabilities	201.8	328.1	25.0	554.9
Deferred tax liabilities	501.1	–15.4	–0.6	485.1
Provisions	3 048.6	0.0	–189.3	2 859.3
Total non-current liabilities	**5 783.7**	**307.6**	**1 718.4**	**7 809.7**
Liabilities held for sale	70.8	0.0	0.0	70.8
Trade payables	514.2	0.0	25.3	539.5
Financial liabilities	684.6	0.0	–295.7	388.9
Current tax liabilities	76.1	0.0	8.9	85.0
Negative replacement values	938.4	0.0	–0.1	938.3
Other liabilities	2 512.4	0.0	78.2	2 590.6
Provisions	134.2	0.0	–20.6	113.6
Total current liabilities	**4 930.7**	**0.0**	**–204.0**	**4 726.7**
Total liabilities	**10 714.4**	**307.6**	**1 514.4**	**12 536.4**
Total equity and liabilities	**18 684.2**	**–35.7**	**1 573.2**	**20 221.7**

1) The changes resulting from IAS 19 rev. for new fully consolidated partner plants in accordance with IFRS 10 are shown in the column Restatement IFRS 10/11.

Consolidated balance sheet as at 30.9.2013

CHF m	30.9.2013 published	Restatement IAS 19 rev.	Restatement IFRS 10/11 [1]	30.9.2013 restated
Assets				
Property, plant and equipment	3 468.9	0.0	1 968.0	5 436.9
Intangible assets	1 119.4	0.0	175.8	1 295.2
Ownership interests in partner plants and other associates	2 059.5	–26.0	–405.2	1 628.3
Positive replacement values	557.5	0.0	0.0	557.5
Other financial assets	2 005.6	0.0	–20.1	1 985.5
Investment properties	29.6	0.0	0.9	30.5
Other receivables	1 977.4	–64.9	0.2	1 912.7
Deferred tax assets	52.9	7.4	–0.8	59.5
Total non-current assets	**11 270.8**	**–83.5**	**1 718.8**	**12 906.1**
Inventories	549.0	0.0	0.0	549.0
Trade receivables	600.8	0.0	4.0	604.8
Financial receivables	309.9	0.0	–11.1	298.8
Current tax assets	30.2	0.0	0.0	30.2
Positive replacement values	1 192.2	0.0	0.0	1 192.2
Other receivables	2 048.4	0.0	1.5	2 049.9
Other financial assets	0.5	0.0	0.0	0.5
Cash and cash equivalents	2 923.8	0.0	1.2	2 925.0
Total current assets	**7 654.8**	**0.0**	**–4.4**	**7 650.4**
Total assets	**18 925.6**	**–83.5**	**1 714.4**	**20 556.5**
Equity and liabilities				
Share capital	370.0	0.0	0.0	370.0
Retained earnings	7 653.8	–115.9	9.3	7 547.2
Total equity attributable to Axpo shareholders	**8 023.8**	**–115.9**	**9.3**	**7 917.2**
Non-controlling interests	357.2	–7.7	64.1	413.6
Total equity including non-controlling interests	**8 381.0**	**–123.6**	**73.4**	**8 330.8**
Financial liabilities	1 916.6	0.0	2 060.9	3 977.5
Negative replacement values	168.0	0.0	–0.1	167.9
Other liabilities	277.5	46.0	15.6	339.1
Deferred tax liabilities	501.4	–12.0	0.1	489.5
Provisions	3 310.9	0.0	–347.0	2 963.9
Total non-current liabilities	**6 174.4**	**34.0**	**1 729.5**	**7 937.9**
Trade payables	463.4	0.0	29.6	493.0
Financial liabilities	447.0	0.0	–176.0	271.0
Current tax liabilities	67.4	0.0	13.8	81.2
Negative replacement values	980.0	0.0	–0.1	979.9
Other liabilities	2 247.7	6.1	64.5	2 318.3
Provisions	164.7	0.0	–20.3	144.4
Total current liabilities	**4 370.2**	**6.1**	**–88.5**	**4 287.8**
Total liabilities	**10 544.6**	**40.1**	**1 641.0**	**12 225.7**
Total equity and liabilities	**18 925.6**	**–83.5**	**1 714.4**	**20 556.5**

1) The changes resulting from IAS 19 rev. for new fully consolidated partner plants in accordance with IFRS 10 are shown in the column Restatement IFRS 10/11.

Consolidated cash flow statement 2012/13, adjusted

CHF m	2012/13 published	Restatement IAS 19 rev.	Restatement IFRS 10/11 [1)]	2012/13 restated
Earnings before tax (EBT)	252.6	–11.8	17.5	258.3
Financial result	112.7	0.0	37.8	150.5
Share of profit of associates and partner plants	–53.4	–1.3	9.9	–44.8
Earnings before interest & tax EBIT	**311.9**	**–13.1**	**65.2**	**364.0**
(Gains)/losses on disposal of non-current assets	–77.9	0.0	–0.4	–78.3
Adjustment of non-cash expenses and income:				
Depreciation, amortisation and impairments	790.0	0.0	196.2	986.2
Allocation and release of provisions (excluding interest, net)	252.3	0.0	–178.0	74.3
Unrealised result on derivatives	–55.9	0.0	0.0	–55.9
Bad debt and provisions on inventories	–5.2	0.0	0.0	–5.2
Other non-cash items	–35.7	7.0	–3.1	–31.8
Change in net working capital:				
Change in inventories	–220.1	0.0	0.0	–220.1
Change in trade receivables	120.5	0.0	–1.0	119.5
Change in other receivables	169.3	0.0	–5.4	163.9
Change in trade payables	–33.2	0.0	4.3	–28.9
Change in other liabilities (current)	–290.0	6.1	–15.6	–299.5
Change in replacement values	30.1	0.0	0.0	30.1
Use of provisions	–110.8	0.0	21.6	–89.2
Dividends received	50.0	0.0	–8.9	41.1
Other financial result	29.9	0.0	–0.2	29.7
Income taxes paid	–123.5	0.0	–0.9	–124.4
Cash flow from operating activities	**801.7**	**–0.0**	**73.8**	**875.5**
Property, plant and equipment:				
Investments net of capitalised borrowing costs	–308.0	0.0	–315.7	–623.7
Disposals and cost contributions	10.9	0.0	0.5	11.4
Intangible assets:				
Investments (excluding goodwill)	–15.9	0.0	–4.2	–20.1
Disposals	0.7	0.0	0.0	0.7
Investments in subsidiaries (net of cash acquired)	–14.7	0.0	0.0	–14.7
Disposals of subsidiaries (net of cash transferred)	–0.2	0.0	0.0	–0.2
Cash flow from non-current assets held for sale	46.8	0.0	0.0	46.8
Ownership interest in associates:				
Investments	–120.7	0.0	10.0	–110.7
Disposals and capital repayments	17.0	0.0	0.0	17.0
Other financial assets:				
Investments	–265.9	0.0	0.0	–265.9
Disposals and repayments	172.3	0.0	0.1	172.4
Receivables from state funds	–48.2	0.0	0.0	–48.2
Investment properties:				
Disposals	25.8	0.0	0.6	26.4
Financial receivables (current)	228.1	0.0	–6.9	221.2
Interest received	38.1	0.0	–0.3	37.8
Cash flow from investing activities	**–233.9**	**0.0**	**–315.9**	**–549.8**

CHF m	2012/13 published	Restatement IAS 19 rev.	Restatement IFRS 10/11 1)	2012/13 restated
Financial liabilities (non-current):				
Proceeds	9.0	0.0	182.0	191.0
Repayment	–4.2	0.0	0.0	–4.2
Other liabilities (non-current):				
Proceeds	13.9	0.0	0.2	14.1
Repayment	–3.0	0.0	0.0	–3.0
Financial liabilities (current):				
Proceeds	298.4	0.0	6.4	304.8
Repayment	–590.5	0.0	107.3	–483.2
Acquisition of non-controlling interests	1.9	0.0	0.0	1.9
Dividend payments (incl. non-controlling interests)	–80.3	0.0	–1.5	–81.8
Interest paid	–84.0	0.0	–52.2	–136.2
Cash flow from financing activities	**–438.8**	**0.0**	**242.2**	**–196.6**
Currency translation effect	2.1	0.0	0.0	2.1
Change in cash and cash equivalents	**131.1**	**–0.0**	**0.1**	**131.2**
Cash and cash equivalents at the beginning of the reporting period	**2 792.7**	**0.0**	**1.1**	**2 793.8**
Cash and cash equivalents at the end of the reporting period	**2 923.8**	**0.0**	**1.2**	**2 925.0**

1) The changes resulting from IAS 19 rev. for new fully consolidated partner plants in accordance with IFRS 10 are shown in the column Restatement IFRS 10/11.

IFRS 13 – Fair Value Measurement

IFRS 13 creates a standardised framework for measuring fair value and disclosures on fair value measurement if such measurements are required or permitted by other IFRS standards. It does not require any additional fair value measurement for positions for which such measurement is already prescribed or permitted under the existing IFRS standards. The standard defines fair value as 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. It also explains the way in which fair value is to be determined for accounting purposes. Among other things, fair value measurement must take into account the counterparty credit risk and an entity's own default risk. The standard also replaces and broadens the disclosure obligations governing fair value measurement in other IFRS standards, including IFRS 7. As a rule, the disclosure obligations in accordance with IFRS 13 are more far-reaching than those under other standards to date. For example, additional quantitative and qualitative disclosures are required for the three-level hierarchy. Consequently, the Axpo Group has disclosed additional information (see Note 6 "Financial risk management"). The provisions of IFRS 13 result in a change of CHF –7.7 million in positive current replacement values, CHF –10.0 million in positive non-current replacement values, CHF –4.1 million in negative current replacement values, CHF –0.9 million in negative non-current replacement values, and CHF –1.1 million in the statement of comprehensive income. In keeping with the transition requirements of IFRS 13, the Axpo Group has applied the new fair value measurement requirements prospectively.

Changes in the presentation of the consolidated financial statements

When redesigning the consolidation tool, Axpo reviewed its presentation of financial statements to determine their transparency, comprehensibility and correctness. Important adjustments or modifications necessitated a change to the prior-year figures presented in the cash flow statement. In the past, the positions "Dividends received" and "Income and expense from investment properties" were presented under cash flow from investing activities. These cash flows are now shown under cash flow from operating activities. As a result of these reclassifications, cash flow from operating activities for the 2012/13 financial year is CHF 51.7 million higher while cash flow from investing activities is correspondingly lower. This simplifies the reconciliation of the cash flow statement with the income statement. The new presentation also provides a better picture of the Axpo Group's economic situation.

Future application of new standards and interpretations

The Axpo Group is currently reviewing the potential impact of the following new and revised standards and interpretations that have already been approved but whose adoption in the Axpo Group accounts is not yet mandatory. They will be adopted by the Axpo Group no later than the financial year beginning on or after the date specified in brackets.

– IFRS 9 – Financial Instruments (1 January 2018)
– IFRS 15 – Revenue from Contracts with Customers (1 January 2017)
– IAS 16 and IAS 38 (amended) – Clarifying of Acceptable Methods of Depreciation and Amortisation (1 January 2016)
– IAS 16 and IAS 41 (amended) – Agriculture: Bearer Plants (1 January 2016)
– IAS 27 (amended) – Equity Method in Separate Financial Statements (1 January 2016)
– IAS 32 (amended) – Offsetting Financial Assets and Financial Liabilities (1 January 2014)
– IAS 39 (amended) – Novation of Derivatives and Continuation of Hedge Accounting (1 January 2014)
– IFRS 11 (amended) – Accounting for Acquisitions of Interests in Joint Operations (1 January 2016)
– IFRIC 21 – Levies (1 January 2014)
– IFRSs (Cyclus 2010–2012) – Annual Improvements (1 July 2014)
– IFRSs (Cyclus 2011–2013) – Annual Improvements (1 July 2014)

The impact on the consolidated financial statements of some other standards and interpretations has not yet been determined on a sufficiently reliable basis. Based on current analyses and with the exception of the application of IFRS 9, the Axpo Group does not anticipate any material impact on the Group's financial position and results of operations.

IFRS 9 – Financial Instruments

IFRS 9 – Financial Instruments replaces the provisions of IAS 39 governing the classification and measurement of financial assets, hedge accounting and impairments. The new standard reduces the number of measurement categories for financial assets.

The aim of the new hedge accounting rules is to enable risk management activities to be reflected more closely in the consolidated financial statements. To this end, IFRS 9 increases the scope of hedged items eligible for hedge accounting and simplifies effectiveness testing. Impairments are no longer recognised on the basis of losses already incurred, but instead on the basis of expected losses. The impact of IFRS 9 on the consolidated financial statements of the Axpo Group has not yet been assessed.

3 | Consolidation principles

Scope of consolidation

The consolidated financial statements are based on the audited separate financial statements of subsidiaries. Subsidiaries are companies over which the Group exercises control. The Group exercises control over a company if it is exposed, or has rights to, fluctuating returns through its involvement with the company and has the ability to affect those returns through its power over the company. Subsidiaries are included in the consolidated financial statements from the date on which control exists and up to the date on which control ends.

Accounting for acquisitions

Acquisitions are accounted for on the date of acquisition using the acquisition method. The purchase price for an acquisition must be calculated from the sum of the fair value of the assets transferred, the liabilities incurred or assumed and the equity instruments issued by the Group. Transaction costs incurred in connection with an acquisition are recognised in profit or loss. The goodwill arising from an acquisition is recorded as an asset. It corresponds to the excess of the sum of the purchase price, the contribution of non-controlling interests in the acquired company and the fair value of the previously held equity share over the balance of the assets, liabilities and contingent liabilities measured at fair value. There is an option for measuring non-controlling interests in each transaction. They can either be valued at fair value or at the share of the non-controlling interests in the fair value of the net assets acquired. Where the costs of acquisition are lower than fair value, the remaining surplus is immediately recognised in profit or loss after reassessing the fair value of the net assets acquired. Goodwill is tested for impairment at least annually, or earlier if there is any indication for impairment. Non-controlling interests are reported separately from the equity of the Group. Changes to the proportion of ownership interest that do not result in a loss of control are treated as equity transactions with owners. Any difference between the purchase price paid or the consideration received and the amount by which the non-controlling interest is changed is recognised directly in equity.

Ownership interests in partner plants and other associates

An associate is a company over which the Group has a substantial influence but over which it exerts no control in terms of its financial and business policy. Associates are accounted for using the equity method. As of the date of acquisition, the fair value of the proportional net assets is calculated and recognised in the balance sheet, along with any goodwill, under investments in associates. In subsequent reporting periods, this value is adjusted for any change in the Axpo Group's share of the capital and income earned as well as any dividends. Partner plants are companies that plan, build, maintain or operate power plants, grids or nuclear storage facilities or companies that manage energy procurement rights. The shareholders have undertaken to purchase a portion of the energy or to pay a proportion of the annual costs. Partner plants in which no majority stake is held or over which no control is exercised are also classified as associates and accounted for using the equity method.

Intragroup transactions

Electricity produced by partner plants is invoiced to the shareholders at annual production cost on the basis of existing partnership agreements and regardless of market prices. Market prices generally apply for the invoicing of other goods and services between Group companies and related parties. Intercompany profits and transactions within the Axpo Group are eliminated in the consolidated financial statements.

Reporting currency and translation of foreign currencies

The reporting currency, which is also the company's functional currency, is the Swiss franc. Transactions in foreign currencies are translated at the exchange rate prevailing on the date of the transaction or at an exchange rate which corresponds closely to the transaction rate. At the end of the reporting period, receivables and liabilities in foreign currencies are translated at the exchange rates prevailing at the end of the period. Any translation differences which arise are recognised in profit or loss.

Assets and liabilities of subsidiaries and of associates accounted for using the equity method whose functional currency is not Swiss francs are translated on consolidation into Swiss francs at the exchange rate prevailing at the end of the reporting period. Goodwill and fair value adjustments relating to acquisitions of foreign companies are recognised in the balance sheet as assets of the acquired entity. The income statement, cash flow statement and other movement positions are translated at the average exchange rate for the reporting period. Exchange differences arising from the translation of the financial statements of foreign subsidiaries and of associates accounted for using the equity method are recognised directly in consolidated equity and reported separately as accumulated foreign currency translation differences. On the date of disposal of foreign subsidiaries or associates, the corresponding foreign currency translation differences are recognised in the income statement. Non-current receivables or loans to a foreign operation for which repayment is neither planned nor likely to occur in the foreseeable future are, in substance, a part of the Group's net investment in that foreign operation. Foreign exchange differences resulting from such non-current receivables or loans are recognised and accumulated in a separate component of equity and recognised in profit or loss on liquidation or disposal of the foreign operation.

Foreign currency exchange rates

The following rates were applied for the translation of income statement and balance sheet figures into CHF:

		Year-end rates in balance sheet		Average rates in income statement	
Currency	**Unit**	**30.9.2014**	**30.9.2013**	**2013/14**	**2012/13**
ALL	100	0.8600	0.8700	0.8600	0.8600
BAM	1	0.6169	0.6247	0.6240	0.6262
BGN	100	61.6780	62.5060	62.3100	62.5500
CZK	100	4.3870	4.7510	4.4700	4.7800
EUR	1	1.2063	1.2225	1.2207	1.2250
GBP	1	1.5519	1.4622	1.4901	1.4577
HRK	1	0.1579	0.1602	0.1600	0.1619
HUF	100	0.3880	0.4100	0.4000	0.4200
MKD	100	1.9650	1.9820	1.9700	1.9700
NOK	100	14.8580	15.0670	14.7500	16.1500
PLN	100	28.8750	28.9090	29.1800	29.2900
RON	100	27.3530	27.3980	27.4200	27.5900
RSD	100	1.0100	1.0700	1.0500	1.0800
SEK	100	13.1890	14.1210	13.5700	14.2500
TRY	100	41.9160	44.4380	42.3200	50.6200
USD	1	0.9587	0.9052	0.8995	0.9338

4 | Accounting and valuation principles

Revenue recognition

Revenue from energy business and grid usage are regarded as realised and are recognised as revenue upon delivery of the goods. Deliveries to end customers are largely based on individual meter readings at the end of the financial year. If the meters cannot be read at this time, the revenue is estimated and recorded on the basis of statistical values.

In the case of standardised forward contracts that are processed and invoiced in the same way as traditional energy contracts, the focus is often on managing a trading position rather than on the final physical delivery of energy. Standardised forward contracts entered into mainly for trading purposes are measured at fair value, with the underlying sales revenue and procurement costs being offset against each other.

In the installation business, a significant portion of the revenues derives from short-term small and medium-sized orders. Revenue for these categories is reported on the date on which the benefits and risks pass to the customer. Income earned under construction contracts is calculated according to the stage of completion as at the date of calculation and recognised provided the contract is significant and the income provided by a construction contract can be estimated reliably. Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense. In general, sales are reported net after deduction of value added tax and trade discounts.

Distinction between energy trading and other energy business

Recognition of revenue in the energy trading business is based on the allocation of all trading transactions to one of the two categories: "energy trading" and "other trading business". Transactions entered into with a view to generating short-term profits are allocated to the energy trading origination book (the expression "book" stands for the smallest unit whose risk, profit and sales amount is recorded and managed). The other transactions, which all involve physical contractual fulfilment, are assigned to "other trading business" and allocated to sales books.

In the case of transactions in energy trading, large volumes of energy are traded in quick succession with professional counterparties for the purpose of building up and managing positions (the transactions are in derivatives such as options and swaps or have a derivative character as defined in IAS 39, similar to traded standard forward contracts). Transactions in energy trading are therefore financial in nature.

Amounts invoiced in energy trading during the period are not included in net sales. Only the net gains or losses from energy trading are recognised as revenue. Net gains or losses from energy trading consist of two components. Firstly, the effectively realised gains or losses from completed transactions are recognised in profit or loss. Secondly, unrealised valuation gains or losses on the future cash flows of open contracts resulting from remeasurement to fair value are recognised in profit or loss.

Other trading business involves the large-scale supply and procurement of energy. The sum of all invoiced supplies from these transactions flows entirely into net sales from energy business for the reporting period.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs directly related to the long-term acquisition or construction of a facility are capitalised. The capitalised interest is calculated for the period from the commencement of the acquisition or construction work until completion of the asset.

Property, plant and equipment

Property, plant and equipment (including nuclear fuel rods) are carried at purchase or manufacturing cost and are subject to regular straight-line depreciation over the estimated useful life of each asset category or over the period to the date of the reversion of power plants. Unscheduled depreciation is an exception and is only recognised in the case of damage or impairment, as described under "Impairment of assets" below. The purchase or manufacturing costs of property, plant and equipment comprise the purchase price, including import duties and any non-recoverable purchase taxes, and all directly allocable costs incurred to make the asset ready for operational use. Further components are the estimated costs of decommissioning and clearance of the asset and the restoration of the site to the extent recognised under IAS 37 and IAS 16 – see also "Nuclear provisions" (Note 32 "Provisions"). In the case of long-term investment projects, borrowing costs are capitalised during the construction phase.

The estimated useful lives for the individual asset categories are reviewed annually and are within the following ranges:

Land and assets under construction	Only in case of impairment
Buildings	50 years
Nuclear, conventional thermal and hydraulic power plants	25–80 years
Transmission and distribution systems	15–60 years
Operating systems and other grid elements	10–30 years
Fixtures and fittings	3–15 years

The rates of depreciation are based on the normal useful lives of the assets. If key components of the assets have a different useful life, they are depreciated separately (component approach). Repairs, maintenance and the ordinary upkeep of buildings and operating facilities are accounted for directly as expenses. Investments in refurbishments, improvements of facilities or replacement investments are capitalised if they will bring economic benefits to the Axpo Group in the future.

Assets under construction are assets which are unfinished or not yet ready for operation. Assets in this sense refer to all items of property, plant and equipment. Depreciation of these assets begins upon completion or when they are ready for operational use.

Intangible assets

Intangible assets are recognised in the balance sheet at acquisition cost less accumulated amortisation and impairment. Intangible assets are amortised using the straight-line method over the estimated useful life of the asset, unless the useful life is indefinite. Goodwill and intangible assets with an indefinite useful life are not amortised, but undergo an annual impairment test.

The useful lives are reviewed at the end of each financial year. The individual contractual useful lives are applied in all cases. Energy procurement rights comprise advance payments for rights to long-term supply of electricity including capitalised interest. These rights are amortised using the straight-line method over the contract term.

The rights to use third-party facilities entail contractually agreed, one-time payments to a contracting party as compensation for the use of that party's transmission and distribution facilities. These rights are amortised using the straight-line method over the contract term.

Investment properties

Land and buildings held for rental purposes and/or for capital appreciation rather than for use in the production or supply of energy, for the provision of services, for administrative purposes or for sale in the ordinary course of business are shown as investment properties pursuant to IAS 40. They are measured at purchase or construction cost less any accumulated depreciation and accumulated impairment losses. Buildings are depreciated using the straight-line method over 20 to 60 years, depending on the particular part of the building involved. Land is depreciated only in the case of impairment.

The information on fair values supplied in the Notes is based primarily on external appraisals. In the absence of these, internal calculations are made using the discounted cash flow method and these are taken as the basis for disclosure of the fair value of the properties.

Inventories

Inventories mainly comprise fuel for generating electricity (uranium, oil, gas, etc. used to run thermal plants), stocks of materials for providing operating services, stocks purchased for resale in the near term with a view to generating a profit from fluctuations in the price or trading margins, emission and green certificates for own use and trading.

Fuel for electricity generation, green certificates and emission certificates for own use are initially recognised at cost of purchase or production. Fuels are measured at weighted average cost. If the net realisable value is below the purchase or production cost, an impairment loss is recognised in profit or loss. Emission certificates provided by the government free of charge are initially recognised at their nominal value (zero). Emission certificates which are purchased for own production purposes are initially recognised as inventories and carried at purchase cost. A provision is created when CO_2 production exceeds the amount of the emission allowances originally provided free of charge by the government. Such provisions are recognised for the amount of acquired emission allowances at their relevant purchase cost. The provision for CO_2 emissions in excess of the CO_2 emission certificates already allocated is measured at fair value at the end of the reporting period. When the company settles its CO_2 emissions with the responsible authority, the capitalised emission allowances are reduced by the amount of the provision created. Any excess emission certificates no longer required for own use are reclassified within inventories and measured at fair value.

Inventories of materials and supplies required for providing operating services are reported in the balance sheet at the lower of purchase/production cost (calculated using the average cost method) or net realisable value. Inventories that have been purchased for resale in the short-term with a view to generating a profit from fluctuations in the price or trading margins are measured at fair value less costs to sell. Changes in value are recognised net in profit or loss. This mainly concerns trading in emission certificates, green certificates and gas.

Non-current assets held for sale and discontinued operations

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition and the sale must be highly probable within 12 months. Before being reclassified as held for sale, the asset or disposal group is measured in accordance with the prevailing accounting principles. Following reclassification, the asset is measured at the lower of its carrying amount or fair value less costs to sell. Any impairment losses are recognised in profit or loss.

Provisions

Provisions are created for all existing liabilities and risks from past business transactions or events which are likely to arise and whose due date and amount can be reliably determined at the end of the reporting period. Long-term provisions are recognised at the present value of the expected cash outflow at the end of the reporting period where the effect is significant. With regard to long-term energy procurement obligations arising from onerous contracts, identifiable losses are covered by provisions, taking into account market price trends and future procurement costs. The acquisition of an interest in a partner plant may result in a provision for an onerous energy procurement contract instead of an asset for the energy purchase right. Due to the obligation to produce energy, provisions are also established for the company's own power plants wherever an impairment test on a plant reveals a negative present value of future estimated cash flows. In accordance with IAS 36, the capitalised carrying amount of the power plant is adjusted and the amount is then included in the provision for onerous energy procurement contracts. As the operator of the Beznau nuclear power plant and in compliance with the law, Axpo is required to decommission the plant at the end of its operational life and to dispose of the radioactive waste. The associated costs are periodically reviewed. The present value of the estimated costs is allocated to provisions and the interest on these provisions compounded over the asset's useful life of 60 years. The same amount is capitalised together with the acquisition and manufacturing costs of the plant and depreciated over the useful life using the straight-line method. Disposal costs arising from operation of the nuclear power plant are also capitalised annually during its operational phase and corresponding provisions are made. Inflation is factored in at an average of 1.5% and the interest rate applied is 3.5%. Changes in the estimated timing or amount of outgoing payments, or changes in the interest rate, are recognised in accordance with IFRIC 1 in the provisions for nuclear waste disposal and also in the same amount in the related value of the assets. If a reduction in the estimated future obligations would result in a negative carrying amount of the asset, it is taken directly to profit or loss.

A provision is also created when CO_2 production exceeds the amount of the emission allowances originally provided for free by the government. If CO_2 emission certificates have already been purchased, a provision equivalent to the purchase cost of the certificates is recognised. The provision for CO_2 emissions in excess of the CO_2 emission certificates already allocated is measured at fair value at the end of the reporting period. The provision for excess production (where actual emissions exceed the emission allowances provided and purchased) has to be measured at fair value on each balance sheet date. The changes in provisions are recognised in profit or loss. Provisions are also recognised for the decommissioning and dismantling of conventional thermal gas-fired combined-cycle power plants.

Assigned rights of use

Usage rights which have been assigned, i.e. payments received from third parties in consideration for rights to use facilities and procure energy, are recognised under other non-current liabilities. Payments received are recognised in profit or loss on a straightline basis over the life of the relevant usage rights.

Grid cost contributions (connection fees) are also recognised in this item and carried at the nominal value of the cash received less any amounts unwound and recognised in profit or loss. Liabilities are unwound on a straight-line basis over the term of the connection agreement, or the expected useful life of the connection where there is an open-ended right to be connected:

Rights to use third parties' systems	40–60 years
Other rights of use	50 years
Energy procurement rights assigned to third parties	50 years

Usage rights are reviewed at the end of each financial year. The individual contractual useful lives are applied in all cases. Assigned rights of use and grid cost contributions are reported as other non-current liabilities.

Leasing

Assets and liabilities from lease contracts are recorded in the balance sheet as finance leases if all opportunities and risks associated with the property are largely transferred to the Axpo Group when the contract is signed. The measurement is at the lower of either fair value or present value of the minimum lease payments less accumulated depreciation and any impairments. The lease instalments are divided into interest costs and repayment amounts under the annuity method. The leased objects are amortised over the shorter of their estimated useful lives and lease duration. Payments for operating leases are recognised in profit or loss over the duration of the lease.

Employee benefits

The Axpo Group operates pension plans in accordance with national legislation in each country. Most companies belong to the PKE-CPE Vorsorgestiftung Energie, a legally independent pension fund which qualifies as a defined benefit plan under IAS 19. There are also defined contribution plans. Employer contributions paid or owed for pension funds with defined contribution plans are recognised in the income statement. The proportional defined benefit-based pension liability of the PKE plan is calculated annually by independent actuaries using the projected unit credit method. The discount rate used for the calculation is based on the interest rate of first-class industrial bonds with nearly the same terms as the liabilities. The fair value of plan assets is deducted from the liabilities.

Pension costs consist of three components:
– Past service cost, which is accounted for in the income statement under personnel expenses;
– Net interest expense, which is accounted for in the income statement under personnel expenses;
– Remeasurement components, which are accounted for in the statement of comprehensive income.

Past service cost covers the current past service cost, past service cost not yet recognised, and gains and losses from plan settlements. Gains and losses from plan curtailments are part of past service cost not yet recognised. Net interest expense corresponds to the amount obtained when the discount rate is multiplied by the net plan liabilities (or net assets) at the beginning of the financial year, taking into account changes arising in the course of the financial year due to contributions and pension payments. Remeasurement components cover actuarial gains and losses from changes in the present value of plan liabilities as a result of changes in assumptions and historic experience adjustments, as well as the return on plan assets minus the amounts included under net interest expense, and changes in plan assets not accounted for minus the effects contained in net interest expense. Remeasurement components are accounted for under other comprehensive income and cannot be recycled. The amount accounted for in the consolidated financial statements corresponds to the over- or underfunding of the defined benefit pension plans (net plan liabilities or assets). However, the assets arising from any overfunding are limited to the fair value of the economic benefit from future reductions in contributions.

Income taxes

Income taxes include current and deferred income taxes. Income taxes are normally recognised in profit or loss unless they are linked to a position which is recognised in other income or directly in equity. In this case, income taxes are also recognised in other income or directly in equity.

Current income taxes are calculated on the taxable results and accrued for the relevant period. The deferred tax liabilities shown in the consolidated financial statements are calculated using the balance sheet liability method, where deferred taxes are recognised for all temporary differences. Timing differences arise from deviations between the carrying amount of an asset or liability and its relevant tax value, which will even out in one or more future periods. Temporary differences resulting from the initial recognition of goodwill, from the initial recognition of assets or liabilities in connection with a transaction which neither impact the taxable results nor the profit for the year and from investments in subsidiaries are not recognised if it is likely that the temporary difference will not be reversed in the foreseeable future. Company-specific tax rates are used for calculating deferred taxes. Tax credits and debits are offset if they involve the same tax subject and the same tax jurisdiction. Deferred tax assets or liabilities are recognised as non-current assets or liabilities. Deferred tax assets arising from losses carried forward and deductible temporary differences are capitalised only if it is likely that they can be realised in the future.

Contingent liabilities

Contingent liabilities are obligations where an outflow of funds is considered possible but unlikely and possible obligations whose existence is not yet confirmed. They are not recognised in the balance sheet unless they were acquired as part of a corporate acquisition. In contrast, the amount of a possible obligation on the balance sheet date is disclosed as a contingent liability in the Notes to the consolidated financial statements.

Impairments of non-financial assets

At least once a year, an assessment is made as to whether there is any indication that tangible and intangible assets may be impaired. If indications of a sustainable and material impairment exist, the recoverable amount of the asset or, if this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs is estimated and compared with the carrying amount (impairment test). If the carrying amount exceeds the estimated recoverable amount, an impairment is made in the amount of the difference. The recoverable amount is equivalent to the higher of the value in use and fair value less costs to sell. When calculating the value in use, the estimated future cash flows are discounted using a pre-tax interest rate. This pre-tax interest rate takes account of the current market estimate of the time value of money on the one hand and the inherent risk of the asset on the other, insofar as these have not already been included in the estimate of the cash flows. Once impaired, the carrying amount of assets is adjusted annually in profit or loss to the amount determined using the discounted cash flow method. However, in the case of a reversal, the carrying amount is increased to no more than the systematically amortised cost amount. The exception is reversals of impairments in respect of goodwill. Goodwill is allocated as of the acquisition date to the cash-generating units that are expected to benefit from the synergies of the business combination. Regardless of indicators, goodwill is tested for impairment annually.

Financial assets

Financial assets are initially recognised at fair value and, in the case of financial instruments which are not classified as "measured at fair value through profit or loss", include transaction costs. Purchases and sales are recognised in the balance sheet on the trade date.

The subsequent measurement is based on the category to which the financial assets are assigned. The Axpo Group classifies its financial assets as follows:
– financial assets at fair value through profit or loss;
– loans and receivables;
– available-for-sale financial assets.

Financial assets are classified as at fair value through profit or loss if they are either held for trading or have been designated as at fair value through profit or loss on initial recognition. Financial assets held for trading also include all derivative financial instruments which are not used for hedge accounting. Financial assets at fair value through profit or loss are measured at fair value on initial recognition and subsequently. Changes in fair value are recognised in profit or loss.

Loans and receivables issued by the Axpo Group are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. They are recorded in the balance sheet after initial recognition at amortised cost using the effective interest method less any impairments. An impairment is calculated as the difference between the carrying amount and the present value of expected future cash flows discounted using the original effective interest rate.

Available-for-sale assets are remeasured to fair value subsequent to initial recognition in the balance sheet, and the difference is recognised in other income outside profit or loss, taking into account deferred taxes. At the time a gain or loss is realised, it is recognised in profit or loss. Permanent impairments are recognised in profit or loss after an analysis of the individual securities (individual valuation). An impairment exists in particular if the fair value of a share either remains below the purchase price for an extended period or is significantly below the purchase price. Debt instruments such as bonds are regarded as impaired if there is an objective indication such as insolvency, default of payment or other significant financial difficulties of the issuer. In contrast to debt instruments, reversals of impairment losses on equity instruments are not recognised in profit or loss.

Other financial assets (current and non-current)

All ownership interests in which the Axpo Group has no significant or controlling influence but which are held on a long-term basis are classified as non-consolidated ownership interests. They are classified as available for sale.

Available-for-sale financial assets include marketable shares and bonds. These are classified as available for sale as they were not acquired to generate profits from short-term price fluctuations.

Securities that are deposited short-term as collateral for energy trading transactions on European energy exchanges are classified as at fair value through profit or loss.

Loans include long-term loans to third parties as well as to associates. They are assigned to the category loans and receivables. If, when the loan is paid out, the agreed interest rate equals the market interest rate and both disbursement and repayment are made at the nominal value, the amortised cost is equivalent to the nominal value of the loan.

Other receivables (non-current)

This position comprises almost exclusively receivables from state funds. Nuclear power plant operators are obliged by law to make annual payments into government-controlled funds (the Decommissioning Fund and the Waste Disposal Fund for Nuclear Installations). Future costs for disposal and decommissioning are paid from these funds. The funds ensure the availability of liquidity when payments are due and invest the fund assets. Market and estimation risks are borne by the plant operators. The Axpo Group's share of the funds is capitalised pursuant to the provisions of IFRIC 5 as a reimbursement right in accordance with IAS 37. These receivables are recognised at the lower of the carrying amount of the provision and the fair value of the pro rata net fund assets. Changes in fund values are recognised in financial income/expenses for the period in question.

Trade receivables and other receivables

Trade receivables and other receivables also belong in the loans and receivables category and are recognised at amortised cost, which is usually equivalent to the nominal value, less impairments. In principle, bad debt provisions are recognised individually for specifically identified risks to receivables. However, in addition to individual bad debt provisions, general provisions are also made for as yet unknown losses based on statistical calculations of default risk.

Cash and cash equivalents

Cash and cash equivalents comprise petty cash, credit balances with bank and postal giro accounts, sight deposits and deposits with a term of not more than 90 days at the time of acquisition.

Non-derivative financial liabilities

Non-derivative financial liabilities include trade liabilities, accrued expenses and deferred income as well as current and non-current financial liabilities. Accrued expenses and deferred income are reported under other current liabilities. Non-current financial liabilities consist of bonds and loans from third parties and pension plans.

Non-derivative financial liabilities are valued at fair value less transaction costs on initial recognition and subsequently at amortised cost. The amortisation or impairment reversal of the difference between the fair value of the consideration received minus transaction costs and the repayment value of non-current financial liabilities is calculated using the effective interest rate method and recognised in profit or loss over the duration of the finance term.

Other non-current liabilities

This item comprises long-term investments such as loans or long-term time deposits that a pension fund has made in the entity. Also recognised in other non-current liabilities are all other liabilities that will become due more than twelve months after the reporting date and which cannot be assigned to any other position under non-current liabilities. These also include liabilities from assigned rights of use and grid cost contributions.

Positive and negative replacement values

Forward transactions (forwards, futures, swaps) and options with energy as the underlying are measured at the end of the reporting period using prices that are close to fair value. Income from energy trading therefore comprises realised gains from completed transactions and unrealised changes in the value of transactions outstanding at the end of the reporting period. Positive and negative replacement values are recognised separately in assets or liabilities. The replacement values are shown in a table in the Notes.

In order to hedge interest rate and currency fluctuations, derivative financial instruments are used as and when required. This is done in accordance with existing guidelines governing the hedging and credit risk policy. The instruments are measured at fair value. Realised and unrealised changes in the value of financial instruments used to hedge exchange and interest rate risks in current business operations are recognised generally as financial income (or expense) in profit or loss. The positive and negative replacement values are recognised under assets or liabilities.

In isolated cases, cash flow hedge accounting in accordance with IAS 39 is applied. The effective part of the fair value change in the hedging instrument is recognised in equity (hedge accounting reserve) without affecting profit or loss, taking into account deferred taxes, and reported in the statement of comprehensive income. The part which is ineffective for hedge accounting purposes is recognised in profit or loss at the end of the reporting period. As soon as the hedged transaction is recognised in profit or loss, the accumulated changes in fair value of the derivative recognised in equity are transferred to profit or loss.

Derivatives which have a term of more than twelve months and are not used for speculative purposes are classified as non-current. All transactions of a speculative nature which are primarily held for trading and thus with the intention of realising short-term gains are classified as current, irrespective of their term to maturity.

If a framework agreement with netting clauses exists for a counterparty and if there is a legal right to offset and the intention to settle on a net basis, the positive and negative replacement values which fall due simultaneously are offset.

5 | Estimation uncertainties and significant judgements in the application of accounting principles

In the process of preparing the consolidated financial statements in accordance with IFRS, Axpo Group management made estimations and assumptions which have an effect on the applicable accounting principles and the amounts recognised under assets, liabilities, income and expenses as well as their presentation. The estimations and assumptions are based on existing knowledge and various other factors which are regarded as relevant under the given circumstances. These serve as a basis for recognition in the balance sheet of assets and liabilities which cannot be measured directly on the basis of any other source. The actual values may deviate from these estimations.

The estimations and assumptions are regularly reviewed. Where necessary, adjustments are made to estimations if the circumstances on which they were based have changed or if new information and additional facts become known. Such adjustments are recorded in the period in which the estimation was adjusted.

The key assumptions concerning the future and other sources of estimation uncertainty which could necessitate material adjustments to the recognised assets and liabilities are listed below.

Significant judgements in the application of accounting principles

Classification of partner plants

Interests in partner plants have been acquired since the foundation of the Axpo Group and the forerunner companies of Axpo. Moreover, Axpo has itself founded partner plants which are operated in partnership with other companies. With the introduction of IFRS 10 and IFRS 11, some partner plants in which Axpo holds a majority share are now included in the group of consolidated companies.

The new definition of control introduced by IFRS 10 requires an investor to have rights that give it the ability to direct the relevant activities of the investment entity. In the case of a public limited company, voting rights constitute such rights. However, IFRS 10 also makes it clear that the relevant (voting) rights must not only be in place, but they must also be substantive (economically substantial). This means that the holder of these rights must also have the practical ability to exercise the rights. To determine whether Axpo exercises control over individual partner plants, other factors must therefore be taken into account in addition to the voting rights. Axpo is a majority shareholder in some partner plants and operates them in partnership with other commercial energy companies on the Swiss market. At the same time, these partners hold interests in other partner plants in which Axpo does not have a majority stake. Given the mutual dependencies/interests and the conditions governing the Swiss electricity market, Axpo has concluded that the voting rights it holds in these cases do not represent substantial rights and that it therefore does not exercise the relevant power of control. These partner plants are classified as associates and continue to be accounted for using the equity method. Whether and in which cases the above-mentioned factors impede control by Axpo is decided at the discretion of management.

Estimation uncertainties

Property, plant and equipment and intangible assets (energy procurement and plant usage rights)

The Axpo Group has property, plant and equipment with a carrying amount of CHF 5,090.7 million (see Note 16 "Property, plant and equipment") and holds energy procurement and plant usage rights as well as concessions totalling CHF 303.6 million (see Note 17 "Intangible assets"). These are subjected to annual impairment tests. To determine whether there is an indication of impairment, these asset values are assessed based on the expected future cash flows from the use of these assets. The actual cash flows may differ significantly from the discounted future cash flows based on these assessments. Material parameters such as useful life, energy price movements and the discount rate are by their nature subject to major uncertainties. The estimation as regards the development of energy prices is based as in previous years on the expected price development in the supply and trading market. In the 2013/14 reporting year, changes in assumptions relating to the described parameters resulted in a net impairment of CHF 1,092.0 million (see Note 13 "Depreciation, amortisation and impairments", Note 16 "Property, plant and equipment" and Note 17 "Intangible assets").

Transmission systems

The Swiss Electricity Act (StromVG) came into force on 1 January 2008. The legislation requires all transmission systems to be transferred to the national grid operator Swissgrid AG within five years, and by 1 January 2013 at the latest. On 3 January 2013 and on the basis of the non-cash contribution agreements, transmission system owners EGL Grid AG, Nordostschweizerische Kraftwerke Grid AG and CKW AG were transferred to Swissgrid AG by the respective parent companies Axpo Power AG, Axpo Trading AG and Centralschweizerische Kraftwerke AG at the provisional transfer value (2012 tariff ruling by the Federal Electricity Commission, ElCom). As things stand at present, additional facilities owned by Kraftwerke Linth-Limmern AG, Kraftwerke Sarganserland AG, Kraftwerke Vorderrhein AG and Kraftwerke Ilanz AG will be transferred in the form of an asset deal on 5 January 2015 at the total provisional transfer value of CHF 9.8 million. The final evaluation of the transmission system will be made as part of a new valuation adjustment (valuation adjustment 2), with all former transmission system owners being treated in accordance with the principle of equality. This requires legally binding decisions on all the tariff proceedings still pending for the years 2009 to 2012, the currently suspended proceedings concerning cover differences in 2011 and 2012 and the proceedings for determining the material value of the transmission system. Depending on the outcome of these pending proceedings, the definitive transfer values of the transmission systems may in some cases differ significantly from the transfer value as at 3 January 2013 or 5 January 2015 respectively. At present, the duration and outcome of these proceedings are still uncertain. However, management remains confident that the final transfer value will be higher than the provisional transfer value. The Federal Administrative Court's decision dated 11 November 2013 regarding the valuation method to be applied for the transferred transmission system companies supports this view.

Proceedings of the Federal Electricity Commission

In May 2009, the Federal Electricity Commission (ElCom) initiated proceedings against CKW AG with a view to verifying the correctness of grid usage and electricity tariffs for 2008/09. Following a five-year proceeding, in autumn 2014 ElCom issued a ruling in which it recognised the grid usage tariffs of CKW AG. With regard to electricity tariffs, ElCom issued a partial ruling on 15 April 2013, to the effect that it did not fully recognise the production costs declared by CKW AG in conjunction with the development and expansion of production capacities and sales overheads. CKW takes the view that these costs may be taken into account and that the related calculation of the tariffs was carried out correctly. Due to the far-reaching nature of the decision, CKW lodged an appeal against this partial ruling with the Federal Administrative Court. The CKW Group recorded a provision for this proceeding of CHF 22.4 million in its balance sheet as at 30 September 2014 (see Note 32 "Provisions"). Depending on further developments in these proceedings, it may become necessary in future to adjust the estimate or the amount of the provision.

Goodwill

The net carrying value of goodwill from business combinations was CHF 244.1 million as at 30 September 2014. The value of the goodwill is tested for impairment in the fourth quarter of each year or earlier if there are indications of impairment. The value of goodwill is largely determined by the expected future cash flows, the discount factor and long-term growth rates. The key assumptions are explained in Note 17 "Intangible assets". A change in the assumptions in future periods can result in an impairment loss being recognised.

Receivables from state funds

Operators of nuclear power plants are required by law to contribute to state-administered funds for decommissioning and the disposal of nuclear waste. Payments to the funds administered by the Swiss federal government are shown as receivables (refund entitlements). These are recognised at the lower of the carrying amount of the provision or the fair value of the share of net fund assets. As at 30 September 2014, they amounted to CHF 1,946.1 million (see Note 26 "Other receivables"). Under the terms of the Ordinance on Government Funds, nuclear power plant operators are required to make further contributions to cover any future sustained shortfalls and by the same token are entitled to any future sustained surpluses. The occurrence of such shortfalls or surpluses can only be identified in the future. The increase or reduction is subject to a discretionary decision.

Employee benefits

The majority of the employees of the Axpo Group are members of the PKE-CPE Vorsorgestiftung Energie, a pension fund which meets the criteria of a defined benefits plan. The carrying value of the assets and liabilities of this pension fund are calculated using statistical and actuarial methods. In particular, the fair value of the pension liabilities is dependent on assumptions such as the discount rate, future wage and salary increases and the expected increase in pension benefits. Additional assumptions include statistical data such as the probability of employees leaving the company and the life expectancy of the insured members. The assumptions may deviate substantially from actual results due to changes in market conditions and the economy, a higher or lower leaving rate, longer or shorter life expectancy of members and other estimated factors. These deviations may have an impact on the carrying value of pension fund assets and liabilities in future reporting periods. The key assumptions are explained in Note 34 "Employee benefits".

Provision for nuclear waste disposal

As the operator of the Beznau nuclear power plant and in compliance with legal provisions, the Axpo Group is required to decommission the plant at the end of its operational life and to dispose of the radioactive waste. The carrying value of the provisions for "Nuclear waste disposal" is significant for the assessment of the Axpo Group's balance sheet. Changes in complex cost calculations and changes in regulatory requirements governing the decommissioning of nuclear power plants and disposal of nuclear waste can have a significant impact on the results of Group operations. The cost estimates for decommissioning and dismantling nuclear power plants are regularly reviewed by third parties, as reviews must be conducted every five years in accordance with the Ordinance on the Decommissioning and Waste Disposal for Nuclear Plants. The revised Ordinance on the Decommissioning and Disposal Funds (SEFV) was passed by the Federal Council on 25 June 2014 and enters into force on 1 January 2015. The new legislation adjusts the calculation principles for annual contributions to be paid into the Decommissioning and Disposal Funds for Nuclear Installations by operators of nuclear power plants. To take into consideration the returns on both state funds to date as well as future returns, the Federal Council has fixed an inflation rate of 1.5% and a long-term nominal return (return on investment) of 3.5%. The amendment also introduces a flat-rate uncertainty allowance of 30% on the decommissioning and disposal costs calculated according to the currently valid cost analyses dating from 2011 (2011 cost study). The formal acknowledgement and de facto approval of the 2011 cost study took place in November 2012. For the Beznau nuclear power plant, the revised SEFV will increase contributions to the Decommissioning and Disposal Funds from around CHF 53 million to an estimated CHF 100 million. The operating period assumed for payments into the funds remains 50 years.

The revised SEFV does not directly necessitate an adjustment to provisions recognised in the balance sheet. The politically defined flat-rate uncertainty allowance of 30% is not materially justified to the extent that its inclusion in accounting for provisions according to IFRS, which requires a best estimate, would be possible. However, nuclear power plant operators have decided to analyse in depth the question of including cost elements and uncertainties which have not been factored into the cost studies. The findings of this analysis are taken into account for the provision calculation.

When revaluing provisions, the inflation and discount rates were adjusted in line with the rates applied by the revised SEFV since this adjustment is deemed justifiable. Thus an inflation rate of 1.5% and an interest rate of 3.5% were factored into the calculation for provisions (previous year: 3% inflation and 5% interest rate).

The depreciation period assumed for the Beznau nuclear power plant was also extended from 50 to 60 years. Both the regular safety check as well as an EU stress test have attested to the high safety level of Beznau. Moreover, in the year under review the Federal Nuclear Safety Inspectorate (ENSI) confirmed that the reactor vessel meets the requirements for long-term operation of key components. Since a nuclear power plant in Switzerland can remain in operation for as long as it is classified as safe by ENSI, both the technical criteria as well as the legal framework for an extension of the useful life are in place, hence the useful life can be adjusted according to IFRS.

In the year under review, the aforementioned change in the various assumptions on which the provision for nuclear waste disposal is based resulted in a reduction of CHF 163.9 million in the provision. As at the balance sheet date, the carrying amount of the provisions for nuclear waste disposal amounted to CHF 2,713.2 million (see Note 32 “Provisions”).

Provision for onerous energy procurement contracts

The provision of CHF 504.2 million for onerous energy procurement contracts (see Note 32 “Provisions”) covers identifiable losses from the procurement of energy from power-generation plants and long-term supply contracts. This is calculated using discounted cash flow methodology. The discount rate is based on a weighted average cost of capital (WACC) determined according to the capital asset pricing model (CAPM). The applicable parameters were defined with due consideration to the risk profile of the cash-generating unit in question. The period taken into account covers the entire term of the concession and operation of the power plant (up to 80 years) or the term of the supply contracts. Significant parameters include the expected development of market prices, which by their nature are subject to major uncertainty, the budgeted figures for pro rata procurement costs and the interest rate situation.

A net amount of CHF 324.7 million was allocated to the provision for onerous energy procurement contracts in the 2013/14 reporting year. A provision of CHF 342.5 million was set aside mainly to take account of expected future energy prices.

6 | Financial risk management

General principles

The financial risk management is defined in the principles laid down by the Board of Directors with regard to the hedging of exchange rate, interest rate, market and credit risks, as well as directives governing the management of liquidity and other financial assets as well as short- and long-term financing. The units responsible at the Axpo Group manage their financial risks within the framework of the risk policy predefined for their division. The aim is to reduce financial risks while giving due consideration to hedging costs and the risks to be entered into. If appropriate, derivative financial instruments are used to hedge physical underlying transactions. In order to minimise counterparty risk, transactions are only entered into with selected counterparties and individual limits are defined to prevent risk concentrations with counterparties. For more details on how the Board of Directors conducts its risk assessment, please refer to the Notes to the financial statements of Axpo Holding AG.

Capital management

The Group manages capital by setting a maximum level of risk tolerance relative to equity and liquidity. The Board of Directors of Axpo Holding AG approves the risk tolerance for the entire Group. The level of risk tolerance is based on the Group’s ability to bear risks in relation to equity and liquidity. This overall capability is broken down and distributed among individual divisions for the purpose of allocating risk capital (e.g. in the form of trading limits for the Trading and Sales division) and monitored accordingly. Compliance is monitored using gearing as the key performance indicator. Gearing is an indicator of the company’s debt and reflects the ratio between the company’s net debt and equity. The gearing for the Axpo Group amounts to –12% (previous year, adjusted: –12%). The indicator is negative because the calculation of the gearing for the Axpo Group resulted in net assets (see Note 30 “Net financial assets”).

In addition, two subsidiaries within the Axpo Group are subject to local supervisory authorities. The regulatory equity requirements which these companies must meet were complied with at all times in the 2012/13 and 2013/14 financial years.

The Axpo Group pursues a results-oriented dividend policy and generally distributes 15% to 25% of consolidated profit for the year (adjusted for special items) to shareholders. For the 2013/14 financial year, the Board of Directors will propose that no dividend be paid out. The dividend paid out during the year under review amounted to CHF 74.0 million (CHF 2 per share).

The following table shows the carrying amounts and fair values of the financial instruments held by the Axpo Group, broken down according to the categories defined in IAS 39:

Carrying amounts and fair values of financial assets and liabilities

CHF m	Notes	Carrying amount 30.9.2014	Fair value 30.9.2014	Carrying amount 30.9.2013 restated	Fair value 30.9.2013 restated
Financial assets at fair value through profit or loss (held for trading)		**1 226.3**	**1 226.3**	**1 338.2**	**1 338.2**
Derivatives with positive replacement values		1 226.3	1 226.3	1 338.2	1 338.2
Energy derivatives		1 062.6	1 062.6	1 224.5	1 224.5
Forward currency contracts		110.0	110.0	60.5	60.5
Other derivative financial instruments		53.7	53.7	53.2	53.2
Financial assets at fair value through profit or loss (hedge accounting)		**477.0**	**477.0**	**411.5**	**411.5**
Derivatives with positive replacement values		477.0	477.0	411.5	411.5
Energy derivatives		477.0	477.0	411.5	411.5
Loans and receivables		**6 640.3**	**6 649.9**	**6 379.9**	**6 398.1**
Other financial assets (non-current)	20	780.7	792.1	753.4	771.1
Other receivables (current and non-current)	26	255.4	255.4	281.5	281.5
Trade receivables	24	742.6	742.6	604.8	604.8
Financial receivables (current)	25	1 462.2	1 460.4	298.8	299.3
Revenues not yet invoiced	26	1 389.3	1 389.3	1 516.4	1 516.4
Cash and cash equivalents	27	2 010.1	2 010.1	2 925.0	2 925.0
Available-for-sale financial assets		**1 359.4**	**1 359.4**	**1 232.6**	**1 232.6**
Other financial assets (current and non-current)	20	1 359.4	1 359.4	1 232.6	1 232.6
Total financial assets		**9 703.0**	**9 712.6**	**9 362.2**	**9 380.4**
Financial liabilities at fair value through profit or loss (held for trading)		**966.5**	**966.5**	**1 049.3**	**1 049.3**
Derivatives with negative replacement values		966.5	966.5	1 049.3	1 049.3
Energy derivatives		896.6	896.6	990.4	990.4
Forward currency contracts		67.4	67.4	58.3	58.3
Other derivative financial instruments		2.5	2.5	0.6	0.6
Financial liabilities at fair value through profit or loss (hedge accounting)		**119.0**	**119.0**	**98.5**	**98.5**
Derivatives with negative replacement values		119.0	119.0	98.5	98.5
Energy derivatives		61.0	61.0	34.9	34.9
Other derivative financial instruments		58.0	58.0	63.6	63.6
Financial liabilities measured at amortised cost		**7 016.0**	**7 317.9**	**6 682.3**	**6 801.7**
Trade payables		538.9	538.9	493.0	493.0
Financial liabilities (current and non-current)		4 677.9	4 979.8	4 248.5	4 367.9
Other liabilities (current and non-current)	31, 33	237.3	237.3	153.4	153.4
Operating expenses not yet invoiced	33	1 561.9	1 561.9	1 787.4	1 787.4
Total financial liabilities		**8 101.5**	**8 403.4**	**7 830.1**	**7 949.5**

The fair values of "Other financial assets (non-current)", "Financial receivables (current)" and "Financial liabilities (current and non-current)" are equivalent to the net present value of the payments associated with these assets and liabilities, calculated using the interest rates which apply to the loans, or the current bond price of bond issues without including the interest accrued. The carrying amounts of "Trade receivables", "Other receivables (current and non-current)" and "Other liabilities (current and non-current)" correspond to the fair value due to their short-term to maturity.

The funds included in other financial assets invest some money in listed assets and some in assets which are traded periodically through financial institutions. The fair value is equivalent to the net asset value of the funds in accordance with the investment report produced on a regular basis by the fund manager.

Net results from financial assets and liabilities

CHF m	Income statement 2013/14	Other comprehensive income 2013/14	Income statement 2012/13 restated	Other comprehensive income 2012/13 restated
Net profit/losses included in sales from energy and grid usage				
Financial assets and liabilities at fair value through profit or loss (held for trading)	142.4	-	276.0	-
Financial assets and liabilities at fair value through profit or loss (hedge accounting)	0.0	67.3	0.0	290.1
Net profit/losses included in the financial result				
Financial assets and liabilities at fair value through profit or loss (held for trading)	31.3	0.0	–15.3	0.0
On loans and receivables	–12.9	0.0	–8.3	0.0
On available-for-sale financial assets	12.2	98.1	36.0	41.8
Interest income and expense				
Interest income on financial assets not accounted for at fair value through profit or loss	56.0	0.0	37.1	0.0
Interest expense on financial liabilities not accounted for at fair value through profit or loss	148.4	0.0	141.1	0.0
Currency effects on financial assets and liabilities				
Currency effects on financial assets and liabilities	–4.5	0.0	11.5	0.0

The amounts recognised under other comprehensive income include fair value adjustments in the current financial year as well as results reclassified to profit or loss.

Other operating expenses contain net impairment provisions made for trade receivables amounting to CHF 12.8 million (previous year: CHF 29.0 million).

Interest expense includes interest effects from derivatives which reduce interest expense.

Forward contracts and derivatives

Axpo trades in forward contracts in the form of forwards, futures and swaps, as well as options with energy as the underlying asset, on behalf of customers and for its own account. A distinction is made between products with physical settlement and purely financial trading products and, in terms of maturity, between short- and long-term markets. Transactions which have a term to maturity of more than twelve months and are not speculative in nature are classified as non-current. All transactions of a speculative nature which are primarily held for trading and thus with the intention of realising short-term gains are classified as current, irrespective of their term to maturity.

The fair value of derivative financial instruments is dependent on the development of the underlying market factors. The relevant fair values are calculated and monitored at regular intervals. The fair value calculated for all derivative financial instruments is the price at which one party would take over the rights and/or obligations of another party. The fair values of the derivative financial instruments are calculated using measurement methods customary in the markets, taking into account the market data available at the date of measurement.

The methods and assumptions on which the measurement of the derivative financial instruments used is based are as follows:

- Electricity, gas, oil, coal, emissions and currency forwards contracts are measured based on the forward rates as at the balance sheet date. These rates are taken from the respective exchanges or provided by various brokers. If no published prices are available, internal measurement models are used.
- Futures are not measured since due to the exchange listing they are offset daily via a margin account.

Derivative financial instruments are used as needed to hedge against interest and currency fluctuations and to hedge part of the expected future energy purchases or sales. The following table shows the replacement values calculated at market prices (positive replacement values indicate receivables, negative replacement values indicate liabilities):

Forward contracts and derivatives in energy trading as at 30.9.2014

	Replacement values	
CHF m	positive 30.9.2014	negative 30.9.2014
Energy trading		
Forward contracts	1 804.8	1 276.5
Options	98.6	50.3
Swaps	55.4	87.8
Emission certificates	93.2	55.4
Total energy trading before netting	**2 052.0**	**1 470.0**
Currency and interest rates		
Currency swaps	110.0	67.4
Interest rate swaps	0.0	60.5
Other derivative financial instruments	53.7	0.0
Total currency and interest rates	**163.7**	**127.9**
Total before netting	**2 215.7**	**1 597.9**
./. consideration of netting agreements	–512.4	–512.4
Total after netting	**1 703.3**	**1 085.5**
thereof:		
Non-current replacement values	926.2	516.4
Current replacement values	777.1	569.1

Forward contracts and derivatives in energy trading as at 30.9.2013

CHF m	Replacement values positive 30.9.2013	Replacement values negative 30.9.2013
Energy trading		
Forward contracts	2 387.5	1 799.0
Options	84.3	122.2
Swaps	89.6	75.8
Emission certificates	51.6	5.3
Total energy trading before netting	**2 613.0**	**2 002.3**
Currency and interest rates		
Currency swaps	60.5	58.3
Interest rate swaps	0.5	63.6
Other derivative financial instruments	52.7	0.6
Total currency and interest rates	**113.7**	**122.5**
Total before netting	**2 726.7**	**2 124.8**
./. consideration of netting agreements	−977.0	−977.0
Total after netting	**1 749.7**	**1 147.8**
thereof:		
Non-current replacement values	557.5	167.9
Current replacement values	1 192.2	979.9

For risk reasons, netting arrangements are agreed with numerous counterparties for standard forward contracts and energy trading derivatives. Where such a framework agreement exists and is legally enforceable in the event of insolvency by a counterparty, the positive and negative replacement values are netted and a single amount, which is either a payable or a receivable, is recorded in the balance sheet.

Three-level hierarchy

The following overview represents the key parameters on which the measurement of financial assets and liabilities at fair value is based. The individual levels are defined in accordance with IFRS 7 as follows:

Level 1

Financial assets/liabilities measured using quoted and market prices in active markets (without adjustments or change in composition).

Level 2

Financial assets/liabilities measured using inputs based on observable market data that flow either directly or indirectly (i.e. derived from prices) into the valuation models.

Level 3

Financial assets/liabilities where the value is determined using valuation methods where significant input parameters are not based on observable market data.

Three-level hierarchy as at 30.9.2014

CHF m	Level 1	Level 2	Level 3	Fair Value
Financial assets at fair value				
Financial assets at fair value through profit or loss (held for trading)				
Energy derivatives	49.8	1 299.0	173.7	1 522.5
Forward currency contracts	0.0	110.0	0.0	110.0
Other derivative financial instruments	0.0	53.7	0.0	53.7
Financial assets at fair value through profit or loss (hedge accounting)				
Energy derivatives	0.0	529.5	0.0	529.5
Other financial assets (non-current)	0.0	796.7	0.0	796.7
Available-for-sale financial assets	690.0	632.4	37.0	1 359.4
Held-for-sale financial assets	0.0	9.8	0.0	9.8
Financial liabilities at fair value				
Financial liabilities at fair value through profit or loss (held for trading)				
Energy derivatives	9.2	1 168.4	178.8	1 356.4
Forward currency contracts	0.0	67.4	0.0	67.4
Other derivative financial instruments	0.0	2.5	0.0	2.5
Financial liabilities at fair value through profit or loss (hedge accounting)				
Energy derivatives	0.0	113.6	0.0	113.6
Other derivative financial instruments	0.0	58.0	0.0	58.0
Financial liabilities (non-current)	3 267.7	1 363.6	0.0	4 631.3

Three-level hierarchy as at 30.9.2013

CHF m	Level 1	Level 2	Level 3	Fair Value
Financial assets at fair value				
Financial assets at fair value through profit or loss (held for trading)				
Energy derivatives	98.2	1 934.2	141.7	2 174.1
Forward currency contracts	0.0	60.5	0.0	60.5
Other derivative financial instruments	0.0	53.2	0.0	53.2
Financial assets at fair value through profit or loss (hedge accounting)				
Energy derivatives	0.0	438.9	0.0	438.9
Available-for-sale financial assets	631.4	570.7	30.5	1 232.6
Financial liabilities at fair value				
Financial liabilities at fair value through profit or loss (held for trading)				
Energy derivatives	65.0	1 753.4	121.8	1 940.2
Forward currency contracts	0.0	58.3	0.0	58.3
Other derivative financial instruments	0.0	0.6	0.0	0.6
Financial liabilities at fair value through profit or loss (hedge accounting)				
Energy derivatives	0.0	62.1	0.0	62.1
Other derivative financial instruments	0.0	63.6	0.0	63.6

Standard forward contracts and derivates in energy trading are recognised gross in the three-level hierarchy, before netting of positive and negative replacement values.

The following representation shows the development of level 3 financial instruments measured at fair value:

Development of level 3 instruments

CHF m	Financial assets	Financial liabilities	Total
Balance as at 30.9.2012	**100.3**	**21.1**	**79.2**
Currency translation effect on opening balance	0.2	–0.3	0.5
Purchase (incl. acquisitions and day-one profit or loss)	15.1	1.6	13.5
Sale (incl. disposals and disposal of day-one profit or loss)	0.0	0.3	–0.3
Profit or loss incl. in income statement	55.8	98.8	–43.0
Profit or loss incl. in other comprehensive income	–1.6	0.0	–1.6
Reclassifications to level 3	2.4	0.9	1.5
Currency translation effect on movements	0.0	–0.6	0.6
Balance as at 30.9.2013	**172.2**	**121.8**	**50.4**
Currency translation effect on opening balance	0.1	–0.2	0.3
Purchase (incl. acquisitions and day-one profit or loss)	45.7	27.0	18.7
Sale (incl. disposals and disposal of day-one profit or loss)	–1.0	0.0	–1.0
Profit or loss incl. in income statement	–4.0	8.1	–12.1
Profit or loss incl. in other comprehensive income	3.5	0.0	3.5
Reclassifications to level 3	3.1	26.6	–23.5
Reclassifications from level 3	–9.0	–4.5	–4.5
Currency translation effect on movements	0.1	0.0	0.1
Balance as at 30.9.2014	**210.7**	**178.8**	**31.9**

The reclassification from level 3 to level 2 relates to financial assets and liabilities whose measurement is now based on observable market data and the reclassification from level 2 to level 3 relates to financial assets and liabilities whose measurement is now no longer based on observable market data. There were no transfers between level 1 and 2 in the current financial year or the previous year.

The table shows the financial instruments whose fair value is measured using valuation models in which not all significant parameters are based on observable market factors. On initial recognition, financial instruments of this type are accounted for at fair value calculated using the valuation model on day one, although this value may deviate from the transaction price. The deviation from the transaction price is recognised as a day-one profit or loss. The accrued day-one profit or loss is systematically released in profit or loss in net sales from energy business, in line with the contract format. The release is recognised in profit or loss even if the transaction is closed out.

The following tables show the reconciliation account of the changes in the accumulated deviations (movement of the accrued day-one profit or loss) and the accumulated deviations that were not yet recognised in the income statement at the beginning and end of the period.

Development of day-one profits or losses

CHF m	Financial assets	Financial liabilities	Total
Balance as at 30.9.2012	**–1.0**	**60.3**	**–61.3**
Deferred profit/loss on new transactions	3.6	11.3	–7.7
Profit or loss incl. in income statement	–0.9	–11.4	10.5
Currency translation effect	0.0	–0.2	0.2
Balance as at 30.9.2013	**1.7**	**60.0**	**–58.3**
Deferred profit/loss on new transactions	12.9	27.6	–14.7
Profit or loss incl. in income statement	0.0	–4.0	4.0
Currency translation effect	0.0	–0.1	0.1
Balance as at 30.9.2014	**14.6**	**83.5**	**–68.9**

Profits or losses on level 3 instruments recognised in the income statement (incl. Day-one Profits or Losses)

CHF m	Net sales 2013/14	Net sales 2012/13
Profit or loss for the financial year	–8.1	–32.5
Profit or loss on remaining financial instruments at financial year end	–3.3	–35.3

Hedging transactions (hedge accounting)

The Axpo Group is exposed to interest rate risk as a result of floating-rate debt taken out in connection with the construction of the gas-fired combined-cycle power plants in Italy. This risk is mitigated by the measured use of financial derivatives in the form of interest rate swaps. These swaps are accounted for in line with hedge accounting principles and are judged to be highly effective cash flow hedges. The interest rate swaps are recognised at fair value. In accordance with IAS 39, the change in replacement values prior to realisation is reported in the consolidated statement of equity under the reserve for hedge accounting, with allowance made for deferred taxes. As at 30 September 2014, interest rate swaps with a contract value of CHF 563.1 million had been designated as hedging instruments (previous year: CHF 631.2 million). Cash flows from the swaps will be accrued in the next one to five years and will be recognised in profit or loss during that period.

Some of the energy derivatives held by the Axpo Group are also designated as hedging instruments in cash flow hedges. At the end of the reporting period, this amounted to total derivatives with a contract volume of CHF 2,568.5 million (previous year: CHF 2,861.9 million). The effective portion of the fair value fluctuation for derivatives is recognised in other comprehensive income. When the hedged cash flows occur, the fair value fluctuations are transferred to profit or loss. The cash flow hedges were 100% effective during the reporting period.

The following table shows the expected amounts of the reclassifications to the income statement:

CHF m	Effect on profit or loss 30.9.2014	Contract value 30.9.2014	Effect on profit or loss 30.9.2013	Contract value 30.9.2013
2013/14	0.0	0.0	149.8	623.1
2014/15	185.4	663.8	155.8	876.8
2015/16	170.1	938.3	83.0	1 016.2
2016/17	66.9	759.3	–4.0	345.8
2017/18	–1.2	207.1	0.0	0.0
Total	**421.2**	**2 568.5**	**384.6**	**2 861.9**

Hedging transactions used to hedge cash flows were concluded for the underlying transactions in accordance with energy planning.

Credit risks

Credit risks are risks of potential losses that may result from the inability of a business partner to pay or the inability of a trading partner, distributor or supplier to meet its contractual obligations. The Treasury Policy contains provisions relating to the management of credit risks, such as avoidance of risk clusters and minimum ratings of counterparties.

The Axpo Group controls credit risks via a credit risk management system defined per business area. The business area Trading & Sales and CKW follow an autonomous energy pricing policy. Credit risks are managed by setting credit limits for each transaction in the respective business area. Receivables from counterparties are continuously monitored, and new contractual parties are subjected to a credit check.

The maximum credit default risk of the Axpo Group amounts to CHF 9,034.3 million (previous year restated: CHF 8,757.2 million). Included in the maximum credit default risk are "Total financial assets" of CHF 9,703.0 million less "Shares and participation certificates available for sale" of CHF 668.7 million.

The credit risk is reduced by the collateral held and by the netting agreements with counterparties for the netting of all assets and liabilities related to energy trading transactions. In addition, at the end of the reporting period the Group held collateral in the amount of CHF 25.0 million in respect of outstanding receivables in accordance with IFRS 7 (previous year: CHF 25.0 million). A detailed list of assets exposed to credit risk is provided in the table "Carrying amounts and fair values of financial assets and liabilities" (see page 32).

Risk concentration

The following table provides information on the composition of geographical risk concentrations in trade.

Credit risk concentration by geographical area

CHF m	Carrying amount 30.9.2014	Carrying amount 30.9.2013 restated
Western Europe	262.5	58.0
Southern Europe	135.3	211.1
Central Europe	298.7	297.2
Northern Europe	21.4	17.5
Southeast Europe	24.6	20.8
Outside Europe	0.1	0.2
Total	**742.6**	**604.8**

Significant concentrations of credit risk exist primarily in relation to long-term energy procurement contracts. These contracts are monitored continuously and reported internally by Risk Management. Other than this, no significant concentrations of risk (cluster risk) exist in the Axpo Group in respect of any counterparty. Due to energy supply activities, trade receivables in the amount of CHF 228.4 million (previous year restated: CHF 242.3 million) were concentrated geographically primarily in Switzerland.

Credit quality

The following table provides an age analysis of trade receivables and related bad debt provisions:

Past-due trade receivables

CHF m	Gross 30.9.2014	Bad debts 30.9.2014	Gross 30.9.2013 restated	Bad debts 30.9.2013 restated
Not yet due	578.7	–0.3	509.1	–4.5
Past due 1–60 days	133.6	–10.2	49.1	–6.5
Past due 61–150 days	18.2	–5.1	15.1	–3.3
Past due 151–360 days	22.3	–7.6	37.2	–9.2
Past due more than 360 days	64.5	–51.5	101.2	–83.4
Total	**817.3**	**–74.7**	**711.7**	**–106.9**

The following table shows the development of bad debt provisions in the financial years 2012/13 and 2013/14:

Bad debt provisions created, released or no longer required on trade receivables

	Trade receivables	
CHF m	General provisions	Specific provisions
Bad debt provisions as at 30.9.2012	**–4.3**	**–109.9**
Net bad debt provisions made	–0.5	–28.5
Uncollectible receivables written off	0.0	36.9
Currency effects	0.0	–0.6
Bad debt provisions as at 30.9.2013	**–4.8**	**–102.1**
Net bad debt provisions made	–2.9	–9.9
Uncollectible receivables written off	0.0	8.3
Reclassification	0.0	36.1
Currency effects	0.0	0.6
Bad debt provisions as at 30.9.2014	**–7.7**	**–67.0**

A medium-term payment plan was agreed with two counterparties during the current financial year. As a result, CHF 45.1 million which had originally been recognised under trade receivables and bad debt provisions of CHF 36.1 million are now reported under other non-current receivables.

Bad debt provisions as at 30 September 2014 include significant receivables with two counterparties in the amount of CHF 18.1 million and CHF 5.0 million respectively. The other bad debt provisions of CHF 51.6 million comprise smaller receivables with various counterparties which have been written down. Due to the financial difficulties of these counterparties, the management of Axpo Trading Group no longer expects these receivables to be fully collectible.

Based on past experience, the Axpo Group does not expect any material bad debt losses on trade receivables not yet due. The bad debt provisions are recognised as specific bad debt provisions or provisions calculated on portfolio basis.

Collateral

A significant portion of the energy transactions at the Axpo Group are concluded on the basis of framework agreements such as the EFET (European Federation of Energy Traders) General Agreement on Power or Gas, the ISDA ("International Swaps and Derivatives Association") or the DRV (German Master Agreement for Financial Futures). In the event of the insolvency of a business partner, these provide for an offsetting of open transactions. Transactions may only be netted in the balance sheet if, at the current point in time, a legally enforceable right exists under national law to net the amounts in the balance sheet and the parties also have the intention to settle on a net basis. Due to the underlying energy flows, the Axpo Group divides derivative financial instruments into time bands based on the payment date. The replacement values calculated for each time band are reported net and totals are shown for both positive and negative replacement values. In individual cases, this can cause the net value after netting to be higher than the gross value prior to netting. The "Netting potential" column largely lists calculations that are permitted in the event of insolvency yet not in the normal course of business, as well as additional netting potential that arises when all open transactions are netted for which a legally enforceable right exists but without a breakdown into time bands.

In addition, the credit risk is reduced by the collateral received. In the case of major credit risks, Credit Support Annexes (CSAs) are attached to the framework agreements in which regular margin payments are agreed as additional collateral, mostly in the form of cash. Since this collateral is not only received for transactions allocated to a trading book but also for off-balance-sheet items that are assigned to an "own-use" book, the collateral cannot be meaningfully allocated to individual balance sheet items. At 30 September 2014, the Axpo Group has received credit support annexes (CSAs) totalling CHF 131.7 million. At the same time, it has issued credit support annexes (CSAs) totalling CHF 106.1 million.

Netting of positive and negative replacement values as at 30.9.2014

CHF m	Assets which are subject to legally enforceable netting agreements: Gross assets before balance sheet netting	Netting	Net assets, after netting reported in the balance sheet	Assets that are not subject to master netting agreements or are not subject to legally enforceable master netting agreements	Total assets recognised in the balance sheet	Additional netting potential: Netting potential not reported in the balance sheet	Assets after recognition of the netting potential
Financial assets at fair value							
Financial assets at fair value through profit or loss (held for trading)							
Energy derivatives	1 046.5	–459.8	586.7	475.9	1 062.6	–322.5	740.1
Forward currency contracts	0.0	0.0	0.0	110.0	110.0	–0.5	109.5
Other derivative financial instruments	0.0	0.0	0.0	53.7	53.7	0.0	53.7
Financial assets at fair value through profit or loss (hedge accounting)							
Energy derivatives	474.7	–52.6	422.1	54.9	477.0	–40.7	436.3

CHF m	Liabilities which are subject to legally enforceable netting agreements: Gross liabilities before balance sheet netting	Netting	Net liabilities, after netting reported in the balance sheet	Liabilities that are not subject to master netting agreements or are not subject to legally enforceable master netting agreements	Total liabilities recognised in the balance sheet	Additional netting potential: Netting potential not reported in the balance sheet	Liabilities after recognition of the netting potential
Financial liabilities at fair value							
Financial liabilities at fair value through profit or loss (held for trading)							
Energy derivatives	999.5	–459.8	539.7	356.9	896.6	–320.4	576.2
Forward currency contracts	0.0	0.0	0.0	67.4	67.4	–0.4	67.0
Other derivative financial instruments	0.0	0.0	0.0	2.5	2.5	0.0	2.5
Financial liabilities at fair value through profit or loss (hedge accounting)							
Energy derivatives	106.3	–52.6	53.7	7.3	61.0	–42.7	18.3
Other derivative financial instruments	0.0	0.0	0.0	58.0	58.0	0.0	58.0

Netting of positive and negative replacement values as at 30.9.2013

CHF m	Assets which are subject to legally enforceable netting agreements: Gross assets before balance sheet netting	Netting	Net assets, after netting reported in the balance sheet	Assets that are not subject to master netting agreements or are not subject to legally enforceable master netting agreements	Total assets recognised in the balance sheet	Additional netting potential: Netting potential not reported in the balance sheet	Assets after recognition of the netting potential
Financial assets at fair value							
Financial assets at fair value through profit or loss (held for trading)							
Energy derivatives	1 853.9	–948.7	905.2	319.3	1 224.5	–546.1	678.4
Forward currency contracts	0.0	0.0	0.0	60.5	60.5	0.0	60.5
Other derivative financial instruments	0.0	0.0	0.0	53.2	53.2	0.0	53.2
Financial assets at fair value through profit or loss (hedge accounting)							
Energy derivatives	392.6	–28.3	364.3	47.2	411.5	–33.9	377.6

CHF m	Liabilities which are subject to legally enforceable netting agreements: Gross liabilities before balance sheet netting	Netting	Net liabilities, after netting reported in the balance sheet	Liabilities that are not subject to master netting agreements or are not subject to legally enforceable master netting agreements	Total liabilites recognised in the balance sheet	Additional netting potential: Netting potential not reported in the balance sheet	Liabilities after recognition of the netting potential
Financial liabilities at fair value							
Financial liabilities at fair value through profit or loss (held for trading)							
Energy derivatives	1 715.5	–948.7	766.8	223.6	990.4	–548.1	442.3
Forward currency contracts	0.0	0.0	0.0	58.3	58.3	0.0	58.3
Other derivative financial instruments	0.0	0.0	0.0	0.6	0.6	0.0	0.6
Financial liabilities at fair value through profit or loss (hedge accounting)							
Energy derivatives	61.3	–28.3	33.0	1.9	34.9	–31.8	3.1
Other derivative financial instruments	0.0	0.0	0.0	63.6	63.6	0.0	63.6

Liquidity risk

Liquidity risk is the risk that arises if the Group is unable to meet its obligations on the due date or at a reasonable cost. The Corporate Treasury department of the Axpo Group is responsible for liquidity management, which encompasses the planning, monitoring, provision and optimisation of liquidity for the subsidiaries and partner plants. Various measures are used to ensure liquidity. Cash pooling and smoothing of cash balances within the business areas are used to achieve optimum cash management. Liquidity is also ensured via specific project financing and by appropriate refinancing on the money and capital markets. The majority of receivables in European energy trading are netted and settled on fixed payment deadlines, thereby significantly reducing liquidity demand in energy trading on these dates. The ultimate aim of the Axpo Group is to ensure that unutilised credit facilities are available on a constant basis. The Axpo Group has aggregated credit facilities of CHF 1,903.6 million at its disposal from banks and financial institutions (previous year: CHF 2,107.6 million). Of this amount, CHF 970.9 million had been utilised as at 30 September 2014 (previous year: CHF 1,037.8 million). The following table shows the contractual due dates (including interest) of the financial liabilities held by the Axpo Group. The future variable interest rates have been estimated based on the yield curve on the balance sheet date.

Maturity analysis of financial liabilities and assets as at 30.9.2014

CHF m	Carrying amount	Cash flows	at sight	< 3 mths	3–12 mths	1– 5 years	> 5 years
Non-derivative financial liabilities							
Trade payables	538.9	538.9	0.0	538.7	0.2	0.0	0.0
Financial liabilities (current and non-current)	4 677.9	5 878.2	0.0	326.1	131.5	1 488.1	3 932.5
Other liabilities (current and non-current)	237.3	237.3	0.0	170.3	27.8	22.5	16.7
Operating expenses not yet invoiced	1 561.9	1 561.9	0.0	1 509.1	52.6	0.0	0.2
Derivative financial instruments							
Net carrying amount of energy derivatives	582.0						
Gross cash inflow		21 536.5	7 702.5	1 404.8	6 303.4	5 669.7	456.0
Gross cash outflow		17 953.5	7 384.8	1 228.5	5 249.1	3 388.3	702.8
Net carrying amount of forward currency contracts	42.6						
Gross cash inflow		2 351.1	0.9	599.3	1 053.0	697.8	0.0
Gross cash outflow		2 023.5	0.5	563.1	831.3	628.6	0.0
Net carrying amount of other derivative financial instruments	–6.8						
Gross cash inflow		57.0	0.0	0.0	0.0	53.8	3.2
Gross cash outflow		65.0	0.0	5.3	13.8	42.1	3.8

Maturity analysis of financial liabilities and assets as at 30.9.2013 (restated)

CHF m	Carrying amount	Cash flows	at sight	< 3 mths	3–12 mths	1–5 years	> 5 years
Non-derivative financial liabilities							
Trade payables	493.0	493.0	0.0	484.1	8.9	0.0	0.0
Financial liabilities (current and non-current)	4 248.5	5 335.0	0.0	201.1	158.5	1 361.9	3 613.6
Other liabilities (current and non-current)	153.4	157.3	0.0	121.4	24.9	5.0	6.0
Operating expenses not yet invoiced	1 787.4	1 878.3	0.0	1 838.4	39.9	0.0	0.0
Derivative financial instruments							
Net carrying amount of energy derivatives	610.7						
Gross cash inflow		21 847.4	17 375.2	207.9	3 192.6	902.8	168.9
Gross cash outflow		18 801.2	14 453.0	44.0	3 029.7	924.2	350.3
Net carrying amount of forward currency contracts	2.2						
Gross cash inflow		2 784.0	0.0	670.6	1 294.7	818.7	0.0
Gross cash outflow		2 614.2	0.0	570.1	1 236.7	807.4	0.0
Net carrying amount of other derivative financial instruments	–11.0						
Gross cash inflow		273.0	1.1	6.3	0.0	263.0	2.6
Gross cash outflow		290.3	0.4	7.2	14.5	263.6	4.6

Cash flows are not discounted for the maturity analysis. In compliance with the applicable standard, liquidity risk relates only to financial liabilities. In order to show the effective liquidity risk arising from derivative financial instruments, the cash inflow/outflow from contracts with positive and negative replacement values is shown under “Derivative financial instruments” in the above table.

Market price risks
Market price risks arise from adverse price and exchange rate movements in respect of unhedged positions held in energy and financial transactions.

Energy price risks
The Axpo Group defines energy price risks as risks arising from changes in energy prices. Energy price risks are characterised by the high volatility of energy market spot prices. The Axpo Group is exposed to such risks primarily via the energy it sells in unregulated market segments and on the open market.

The CKW Group, whose corporate strategy is primarily focused on supplying energy in its supply regions, manages energy price risks by optimising the use of futures and forward contracts for physical energy supplies in order to hedge against energy deficits or surpluses. In addition to actively managing energy surpluses and deficits to supply end-customers, the CKW Group also follows proprietary trading strategies to a very limited extent, in the course of which relatively small unhedged positions are permitted. According to the existing risk strategy, unhedged positions may only be entered into for the current financial year and the three following years in order to ensure that proprietary trading transactions are only entered into for a time frame within which sufficient market liquidity is available.

In its capacity as a trading company, energy price risks at the business area Trading & Sales are monitored and reported on a daily basis by the Risk Management & Valuation department. Monitoring is carried out in accordance with the principles set out in the Risk Management directive as well as the related trading mandates. The market price risk is limited using a transparent limit system consisting of a VaR and a volume limit. The total risk limit for energy trading is approved annually by the Axpo Trading Board of Directors at the request of Executive Management and broken down by individual divisions, departments and books within the business area Trading & Sales.

The energy price risks are quantified using the Value-at-Risk (VaR) method with an assumed holding period of five days and a confidence interval of 99%. Value-at-Risk (VaR) defines a potential loss which, with 99% probability, will not be exceeded taking due account of the historic market trend. During the year under review, the positions “trading books”, “own-use books” and “hedge books” were considered in aggregate. During the prior year, however, a distinction was made between the positions “trading books”, “own-use books” and “hedge books” and only the VaR figures for the effective trading books were reported. No comparison with the previous year is possible as a result of this change in method.

Sensitivity analysis of the energy price risk

CHF m	30.9.2014	30.9.2013
VaR Business Area Trading & Sales	36.7	22.6
VaR CKW Group	1.2	5.3

Currency risk
Due to its international activities, the Axpo Group is exposed to currency risks resulting from business transactions and assets and liabilities that generate cash flows in the future, where these are not denominated in the functional currency of the relevant Group company. The euro and the US dollar in particular represent a currency risk. The Group subdivisions are responsible for monitoring and managing currency risks and implementing the Group's policy on exchange rate risks. Attempts are made to reduce the currency risk by balancing operating revenue and expenditure in foreign currencies. Remaining net positions in foreign currencies are selectively hedged by means of hedging transactions such as currency forward transactions as part of liquidity planning and in close consultation with the operational Group units.

A possible change in foreign exchange rates would, assuming that the other parameters remain the same, have had the following impact on the income statement and on equity:

Sensitivity analysis of the currency risk [1)]

		2013/14		2012/13 restated	
	+/– change	+/– effect on income statement CHF m	+/– effect on equity CHF m	+/– effect on income statement CHF m	+/– effect on equity CHF m
BGN / EUR foreign currency risk	10%	–1.8	0.0	0.0	0.0
CHF / USD foreign currency risk	10%	0.0	0.0	1.0	0.0
CHF / EUR foreign currency risk	10%	74.2	0.0	19.4	0.0
CHF / GBP foreign currency risk	10%	–1.5	0.0	0.0	0.0
CHF / PLN foreign currency risk	10%	1.1	0.0	0.0	0.0
EUR / CHF foreign currency risk	10%	0.0	0.0	3.1	0.0
EUR / USD foreign currency risk	10%	1.7	0.0	–3.6	0.0
GBP / EUR foreign currency risk	10%	0.0	0.0	–0.6	0.0
NOK / EUR foreign currency risk	10%	–4.0	0.0	–4.1	0.0
NOK / SEK foreign currency risk	10%	0.0	0.0	–0.9	0.0

1) The currency risk of energy derivatives and other financial derivatives is included in the energy price risk. It is therefore not included in the sensitivity analysis of foreign currency risk.

Interest rate risk
The interest rate risk consists of an interest rate-based cash flow risk, i.e. the risk that future interest payments will change due to fluctuations in market interest rates, and an interest rate-based risk of a change in the fair value, i.e. the risk that the fair value of a financial instrument will change due to fluctuations in market interest rates.

The interest-bearing financial assets and liabilities held by the Group include cash and cash equivalents, loans, bonds included in other financial assets as well as liabilities to banks and bonds issued. The interest rate profile at the end of the reporting period is as follows:

Interest-bearing financial assets and liabilities

CHF m	Fixed-rate 30.9.2014	Variable-rate 30.9.2014	Fixed-rate 30.9.2013 restated	Variable-rate 30.9.2013 restated
Financial liabilities at fair value through profit or loss (held for trading)	0.0	0.0	0.0	53.2
Loans and receivables	613.0	3 640.0	579.9	3 397.3
Petty cash, cash at banks and post office	0.0	1 915.8	0.0	1 999.7
Short-term investments	0.0	94.3	0.0	925.3
Other financial assets (non-current)	613.0	167.7	579.9	173.5
Financial receivables (current)	0.0	1 462.2	0.0	298.8
Available-for-sale financial assets	690.7	0.0	627.6	0.0
Financial liabilities at fair value through profit or loss (held for trading)	0.0	60.5	0.0	64.2
Financial liabilities measured at amortised cost	3 780.2	897.8	3 372.2	876.4
Financial liabilities (current and non-current)	3 780.2	897.8	3 372.2	876.4

Cash and cash equivalents and variable-rate financial liabilities in particular expose the Axpo Group to cash flow risk. The production of energy and the transmission and distribution grids are capital-intensive. As a general principle, Swiss plants are financed over the long-term at fixed interest rates in order to mitigate the impact of short- and medium-term interest rate fluctuations on earnings. There is also variable-rate financing for foreign plants. The risk associated with this financing is mitigated by the measured use of derivative financial instruments in the form of interest rate swaps. At 30 September 2014, there were swaps with a contract value of CHF 563.1 million.

A possible change in interest rates would, assuming that the other parameters remain the same (ceteris paribus), have had the following impact on the income statement and on equity:

Sensitivity analysis of the interest rate risk

		2013/14		2012/13 restated	
	+/– change	+/– effect on income statement CHF m	+/– effect on equity CHF m	+/– effect on income statement CHF m	+/– effect on equity CHF m
Interest rate risk	1%	25.6	–0.5	21.8	–0.5

Share price risks

The Axpo Group holds securities which are classified as “available for sale”. The securities are invested according to a core-satellite strategy and are managed professionally via asset management mandates. The portfolio is divided into a broadly diversified, index-tracking (passive) core investment and several individual positions, known as satellites. The asset allocation of the core investment, which is based on BVG guidelines, has been approved by the Board of Directors, and regular checks are carried out to ensure it is being complied with. Shares are subject to share price risk, with changes in fair value recognised directly in equity. In order to assess share price risk for the entire portfolio, the Axpo Group applies a Value-at-Risk (VaR) calculation, which indicates the maximum loss that with a probability of 97.5% could be sustained over a period of one year based on statistical data. Unless any sustained impairment is identified, the loss of CHF –122.1 million (previous year: CHF –169.9 million) arising from fluctuations in the price of available-for-sale financial assets affects only the equity of the Axpo Group.

7 | Changes in the scope of consolidation

Financial year 2013/14:

Investments/disinvestments

	Remarks	Ownership interest
Axpo Kompogas Engineering AG	Company formation	100.0%
Axpo CKW France SAS	Company formation	100.0%
Axpo France SAS	Company formation	100.0%
Kraftwerk Bristen AG	Company formation	60.0%
Axpo Suisse AG	Change in consolidation method	100.0%
Kraftwerke Eglisau-Glattfelden AG	Change in consolidation method	100.0%
Kraftwerke Ilanz AG	Change in consolidation method	85.0%
Kraftwerke Linth-Limmern AG	Change in consolidation method	85.0%
Kraftwerke Sarganserland AG	Change in consolidation method	98.5%
Kraftwerke Vorderrhein AG	Change in consolidation method	81.5%
Albula-Landwasser Kraftwerke AG	Change in consolidation method	75.0%
Axpo Contracting AG	Sale	0.0%
WinCap S.r.l.	Sale	0.0%
TAP Storage AG	Merger	0.0%

Company formations, acquisitions and mergers

The subsidiary Axpo CKW France SAS was founded in the previous reporting year. This company holds a 49% share in an onshore wind farm portfolio of EDP Renewables (EDPR) in France. The wind farm consists of 48 modern wind turbines situated at nine different locations, producing some 230 GWh of electricity per year. This partnership significantly strengthens Axpo's position along the entire value chain for wind power. In addition, in the plant construction area, Axpo Kompogas AG was transferred to Axpo Kompogas Engineering AG, a new company founded in the year under review. Kraftwerk Bristen AG was founded on 30 April 2014. The Axpo Group holds a 60% share of the company.

In the year under review, the Axpo Group prepared the consolidated financial statements according to IFRS 10 for the first time. Due to the new definition of control, the Axpo Group reviewed its investment interests and has come to the conclusion that it exercises control as defined by IFRS 10 over Albula-Landwasser Kraftwerke AG, Kraftwerke Eglisau-Glattfelden AG, Kraftwerke Ilanz AG, Kraftwerke Linth-Limmern AG, Kraftwerke Sarganserland AG and Kraftwerke Vorderrhein AG. As a result, these companies will now be fully consolidated (see Note 2 "Accounting principles", Section "IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements").

Company disposals

In the year under review, the interests in WinCap S.r.l. and Axpo Contracting AG were sold.

Previous year 2012/13:

Company formations, acquisitions and mergers

The subsidiary Axpo Renewables France SAS was founded in the financial year 2012/13. At the end of September 2013, it acquired 100% of the shares in Compagnie des Energies Renouvelables Villiers le Pré SARL, which in turn owns 100% of the shares in the wind farms Parc éolien de St. Riquier 2 SAS and Parc éolien Plaine Dynamique SARL. FREA Axpo OOD was also acquired during the financial year 2012/13. The stake in Energie Rinnovabili 1 was increased from 85% to 100%, following which the company was merged with WinBis S.r.l. Additionally, Axpo Kompogas Volketswil AG and Compostière de la Plaine de l'Orbe SA were merged into Axpo Kompogas AG with retrospective effect from 1 October 2012.

Company disposals

On 3 January 2013, the transmission systems were transferred to Swissgrid AG. The prior owners were compensated for the transfer of their transmission systems to Swissgrid AG based on the provisional transfer values. Thirty per cent of the compensation took the form of shares in Swissgrid AG, seventy per cent took the form of loans to Swissgrid AG (see also Note 5 "Estimation uncertainties"). The transfer of the distribution systems led to an increase in value per share, as a result of which the number of shares allocated to Axpo Trading AG and CKW AG was lower than the number of shares originally held. Although this reduced the number of shares held, the higher value per share also pushed up the value of the investment.

The transmission system was transferred to the national grid operator Swissgrid AG pursuant to Article 33.4 of the Electricity Supply Act on 3 January 2013. The transmission system owners CKW Grid AG, EGL Grid AG and Nordostschweizerische Kraftwerke Grid AG, none of which had any personnel at the time of the transaction, were transferred to Swissgrid in the form of a share deal.

CHF m	Remarks	Fair value of assets acquired
Property, plant and equipment	16	35.6
Intangible assets	17	19.7
Other financial assets		2.0
Other receivables		3.9
Trade receivables		0.2
Cash and cash equivalents		2.0
Financial liabilities (current and non-current)		37.6
Deferred tax liabilities		4.5
Provisions	32	0.8
Trade payables		0.1
Other liabilities		0.8
Total net identifiable assets and liabilities		**19.6**
Badwill acquired		–2.9
Gross cash outflow		**16.7**
Cash and cash equivalents acquired		2.0
Net cash outflow		**14.7**

At the end of September 2013, the Axpo Group acquired two existing wind farms in France. Parc eolien de St. Riquier 2 SAS and Parc eolien Plaine Dynamique SARL, both of which are located in wind-rich regions in the north of France. The former has been operating for two years, while the latter came on stream this year.

8 | Operating segments

The Axpo Group's segment reporting is based on the internal organisational and management structure and on internal financial reporting to the key management committees. This complies with the provisions of IFRS 8, the so-called management approach. Axpo uses earnings before interest and tax (EBIT) for internal control purposes and as an indicator of the long-term earnings power of a reporting segment. All operational assets are recognised by the reporting segment. There are no differences between the accounting policies used for segment reporting and those used for the consolidated financial statements.

The reporting segments pursuant to IFRS 8 encompass the three business areas of Assets, Trading & Sales and CKW. These are individually assessed by the management to measure performance levels and for the purposes of allocating resources. No operating business areas have been combined to form the reporting segments.

The business area Assets operates and expands the Axpo power plant portfolio (hydraulic power plants, nuclear power plants, gas-fired combined-cycle power plants, power plants using new renewable energies) in Switzerland and abroad, together with infrastructures such as networks and substations. This business area is also responsible for optimising the power plant portfolio and developing new power plant projects.

The business area Trading & Sales encompasses the areas of energy trading, risk and portfolio management, customer service in Northeastern Switzerland and the optimal deployment of the power plant portfolio from an economic and supply perspective.

With its production portfolio, investments in power plants as well as long-term contracts and grid infrastructure, the business area CKW supplies energy to Central Switzerland and ensures optimum use of hydro power in this region through existing exchange agreements.

In compliance with IFRS 8, Axpo Holding AG, Axpo Services AG and Axpo Informatik AG (which are not operating segments) as well as consolidation effects are combined under "Reconciliation".

Segment income statment

CHF m	Assets 2013/14	Assets 2012/13 restated	Trading & Sales 2013/14	Trading & Sales 2012/13 restated	CKW 2013/14	CKW 2012/13 restated	Reconciliation 2013/14 [1]	Reconciliation 2012/13 restated [1]	Total 2013/14	Total 2012/13 restated
Sales from energy and grid usage by external customers	562.9	511.0	5 148.0	5 348.0	793.5	843.9	29.0	33.0	6 533.4	6 735.9
Sales from energy and grid usage by other segments	2 056.8	2 601.9	56.6	876.1	21.0	6.5	–2 134.4	–3 484.5	0.0	0.0
Changes in inventories	4.2	–17.9	0.0	0.0	–0.7	–3.0	–0.6	–1.5	2.9	–22.4
Capitalised production costs	75.8	90.3	0.0	0.0	21.6	28.0	2.4	0.8	99.8	119.1
Other operating income	18.5	87.3	6.6	10.7	12.2	63.5	–1.3	31.3	36.0	192.8
Revenues	**2 718.2**	**3 272.6**	**5 211.2**	**6 234.8**	**847.6**	**938.9**	**–2 104.9**	**–3 420.9**	**6 672.1**	**7 025.4**
Operating expenses	–2 017.8	–2 324.6	–5 409.4	–6 077.2	–739.8	–737.6	2 130.0	3 464.2	–6 037.0	–5 675.2
Depreciation and amortisation	–238.2	–275.7	–6.5	–9.2	–56.6	–61.1	–16.3	–13.6	–317.6	–359.6
Impairments	–1 145.1	–723.8	–0.2	0.0	–3.9	–0.4	–87.1	0.0	–1 236.3	–724.2
Reversal of impairments	47.8	97.6	0.0	0.0	0.0	0.0	0.0	0.0	47.8	97.6
Earnings before interest and tax (EBIT)	**–635.1**	**46.1**	**–204.9**	**148.4**	**47.3**	**139.8**	**–78.3**	**29.7**	**–871.0**	**364.0**
Share of profit of associates									74.9	44.8
Financial income									320.4	244.9
Financial expense									–313.3	–395.4
Earnings before tax (EBT)									**–789.0**	**258.3**
Income tax expense									59.5	–46.0
Result for the period									**–729.5**	**212.3**

Segment assest and supplementary information

	Assets 2013/14	Assets 2012/13 restated	Trading & Sales 2013/14	Trading & Sales 2012/13 restated	CKW 2013/14	CKW 2012/13 restated	Reconciliation 2013/14 [1]	Reconciliation 2012/13 restated [1]	Total 2013/14	Total 2012/13 restated
Additions to non-current assets [2]	41.2	85.1	8.7	2.5	95.5	108.7	693.4	803.8	838.8	1 000.1
Ownership interest in partner plants and other associates	931.9	804.2	11.6	1.1	275.6	271.1	340.0	551.9	1 559.1	1 628.3
Segment assets	5 887.3	6 226.1	3 736.6	4 384.2	2 056.7	2 074.8	8 538.0	7 871.4	20 218.6	20 556.5
thereof "assets held for sale"	9.8	0.0	0.0	0.0	8.1	0.0	0.0	0.0	17.9	0.0

1) The reconciliation item includes assets not allocated to the segment assets (assets under construction, other financial assets, investment properties, receivables from state funds, current and non-current financial receivables, securities and cash and cash equivalents).

2) Additions to property, plant and equipment, intangible assets, investments in associates and partner plants, investment properties and receivables from state funds.

Information by country

CHF m	Switzerland 2013/14	Switzerland 2012/13 restated	Italy 2013/14	Italy 2012/13 restated	Germany 2013/14	Germany 2012/13 restated	Other countries 2013/14	Other countries 2012/13 restated	Total 2013/14	Total 2012/13 restated
Sales from energy and grid usage	3 063.5	2 713.6	2 772.6	3 084.9	579.0	548.8	118.3	388.6	6 533.4	6 735.9
Non-current assets [1)]	8 953.1	9 216.0	386.2	845.9	0.4	0.1	34.7	39.8	9 374.4	10 101.8

1) Property, plant and equipment, intangible assets, ownership interests in associates and partner plants, investment properties and receivables from state funds

Information by product

CHF m	Energy 2013/14	Energy 2012/13 restated	Grid usage 2013/14	Grid usage 2012/13 restated	Income from energy derivatives trading 2013/14	Income from energy derivatives trading 2012/13 restated	Other net revenue 2013/14	Other net revenue 2012/13 restated	Total 2013/14	Total 2012/13 restated
Sales from energy and grid usage	5 542.5	5 623.5	517.8	471.7	142.4	276.0	330.7	364.7	6 533.4	6 735.9

Information about major customers

There are no transactions with one individual external customer the income from which is 10% or more of net revenue.

9 | Sales from energy and grid usage

CHF m	2013/14	2012/13 restated
Net sales from energy business and grid usage	6 060.2	6 095.2
Income from energy trading	142.4	276.0
Other net sales	330.8	364.7
Total	**6 533.4**	**6 735.9**

In addition to consolidated net sales, there are also energy sales under ceded energy procurement rights and sub-participations. Sales from so-called quota transactions are not included in the total mentioned above since they are netted against any similarly ceded energy procurement. They amount to CHF 459.1 million (previous year: CHF 588.8 million; see Note 10 “Energy procurement, grid usage and cost of goods”).

Other net sales include technical and construction service revenue from installation business, as well as service revenue arising in connection with the production, transmission, distribution and supply of energy.

10 | Energy procurement, grid usage and cost of goods

CHF m	2013/14	2012/13 restated
Cost of energy procurement and grid usage from third parties and associates	–3 527.6	–3 488.8
Cost of energy procurement and grid usage from partner plants (Note 18)	–860.6	–840.0
Creation of provision (without interest) for onerous energy procurement contracts (Note 32)	–342.5	–108.5
Reversal of provision (without interest) for onerous energy procurement contracts (Note 32)	17.8	23.6
Cost of goods	–62.3	–63.5
Total	**–4 775.2**	**–4 477.2**

The interest on the provision for onerous energy procurement contracts is recognised in the financial results (see Note 14 "Financial result"). The use of provisions for onerous energy procurement contracts came to CHF 34.4 million in the reporting year, of which CHF 5.2 million related to partner plants.

The review of the parameters used to measure energy procurement risks, such as future trends in energy prices and the development of production costs for power plants, led to a net change of CHF 324.7 million, recognised in profit or loss, in the provision for onerous energy procurement contracts (provisions of CHF 342.5 million created and provisions of CHF 17.8 million released; see Note 5 "Estimation uncertainties").

Energy procurement from quota transactions is not included in the total mentioned above since it is netted against any similarly ceded sales. They amounted to CHF 459.1 million (previous year: CHF 588.8 million; see Note 9 "Sales from energy and grid usage").

11 | Personnel expenses

CHF m	2013/14	2012/13 restated
Salaries and wages	–523.5	–528.2
Employee benefits under defined benefit plans (Note 34)	–58.1	–2.3
Employee benefits under defined contribution plans	–2.4	–3.2
Social security and other personnel expenses	–70.7	–68.8
Total	**–654.7**	**–602.5**
Number of employees at balance sheet date:		
Full-time equivalents	4 078	4 115
Apprentices	399	394
Total	**4 477**	**4 509**

12 | Other operating expenses

CHF m	2013/14	2012/13 restated
Charges, fees and capital taxes	–133.4	–124.6
Realised losses from disposals of consolidated subsidiaries	–4.0	0.0
Other operating expenses	–284.6	–253.3
Total	**–422.0**	**–377.9**

Other operating expenses include insurance, telephone costs, travel expenses, general administrative costs, other services as well as the creation and release of a part of provisions and provisions for bad debts.

13 | Depreciation, amortisation and impairments

CHF m	2013/14	2012/13 restated
Depreciation of property, plant and equipment (Note 16)	–246.2	–271.1
Impairment losses property, plant and equipment (Note 16)	–655.4	–530.3
Impairment reversal property, plant and equipment (Note 16)	47.7	15.8
Amortisation of intangible assets (Note 17)	–71.4	–88.5
Impairment losses intangible assets (Note 17)	–484.3	–196.8
Impairment reversals intangible assets (Note 17)	0.0	44.9
Reversal of badwill (Note 7)	0.0	2.9
Impairment loss on ownership interests in partner plants and operational associates	–96.5	0.0
Impairment reversals on ownership interests in partner plants and operational associates	0.0	36.9
Total	**–1 506.1**	**–986.2**

The net impairment loss of CHF 1,188.5 million (previous year restated: CHF 629.5 million) comprises CHF 607.6 million (previous year restated: CHF 514.5 million) in relation to property, plant and equipment, CHF 484.4 million (previous year restated: CHF 151.9 million) in relation to intangible assets and CHF 96.5 million in relation to investments in associates (previous year: impairment reversal of CHF 36.9 million). For further details of impairment losses and impairment reversals, see Note 16 "Property, plant and equipment", Note 17 "Intangible assets" and Note 18 "Investments in associates and partner plants".

14 | Financial result

CHF m	2013/14	2012/13 restated
Interest income	57.0	38.0
Income from nuclear waste disposal fund	182.4	87.3
Impairment reversal on financial assets	1.5	0.0
Income from investment properties	7.1	16.2
Realised gains from disposals of investments in associates	5.1	35.4
Net exchange rate gains	0.0	11.6
Other financial income	67.3	56.4
Total financial income	**320.4**	**244.9**
Interest expense	–157.7	–147.7
Interest and fund expense for nuclear provisions	–124.7	–132.6
Impairment losses financial investments	–0.8	–0.5
Investment property expense	–2.8	–2.2
Impairment loss on ownership interests in associates	–4.8	–83.4
Realised losses from disposals of investments in associates	–2.4	–2.3
Net exchange rate losses	–4.5	0.0
Other financial expense	–15.6	–26.7
Total financial expense	**–313.3**	**–395.4**
Total	**7.1**	**–150.5**

The financial result comprises realised and unrealised exchange rate gains and losses as well as realised and unrealised gains from other financial instruments, reported net.

The realised gain of CHF 5.1 million from the disposal of investments in associates is the result of a payment based on a performance-dependent earn-out clause concerning the disposal of the investment in associates of Trans Adriatic Pipeline AG. In the previous year, the position included the non-performance-related part of the gain from the sale of Trans Adriatic Pipeline AG.

The interest expense of CHF 157.7 million (previous year restated: CHF 147.7 million) includes interest of CHF 13.6 million (previous year restated: CHF 6.6 million) on provisions for onerous energy procurement contracts and other provisions (see Note 32 "Provisions").

An impairment loss of CHF 3.7 million (previous year: CHF 83.4 million) was recognised for the ownership interest in Repower AG as well as an impairment loss of CHF 1.1 million for other interests in non-operating associates (see item "Impairment loss on ownership interests in associates" and Note 18 "Ownership interests in associates and partner plants").

15 | Income taxes

CHF m	2013/14	2012/13 restated
Current income taxes	–153.0	–112.2
Deferred income taxes	212.5	66.2
Total income taxes	**59.5**	**–46.0**

Current income taxes consist of taxes paid or due on the results of the individual companies for the financial year in accordance with local regulations.

Deferred taxes directly recognised in equity	**4.9**	**–112.8**

The CHF 4.9 million (previous year restated: CHF –112.8 million) in deferred taxes included in other comprehensive income relates to unrealised gains from hedge accounting recognised in equity, available-for-sale financial assets, and the revaluation of pension plans.

Reconciliation of expected tax rate and effective tax rate

The expected tax expense of CHF 149.1 million (previous year restated: CHF –48.8 million) can be reconciled to the effective tax expense of CHF 59.5 million (previous year restated: CHF –46.0 million) as follows:

CHF m	2013/14	2012/13 restated
Earnings before tax	–789.0	258.3
Expected tax rate (ordinary tax rate at head office)	18.9%	18.9%
Income tax at expected tax rate	149.1	–48.8
Non-tax-deductible expenses	–50.0	–9.8
Effect from previous periods	–1.8	7.0
Effect of tax rate changes	1.3	–4.0
Effect of income not subject to tax or tax privileged	23.0	19.6
Unaccounted carry forward of loss in reporting year	–49.0	–29.5
Usage of unaccounted carry forward of loss from previous reporting years	0.5	11.5
Reassessment of unaccounted carry forward loss from previous reporting years	3.4	2.7
Earnings taxable at different tax rates	–13.6	–4.5
Effect of sale of group companies	0.0	6.0
Reassessment of deferred tax assets	0.0	6.7
Other effects	–3.4	–2.9
Total income taxes (current and deferred)	**59.5**	**–46.0**

The ordinary tax rate at the head office comprises direct federal tax (8.5%) and cantonal and municipal taxes of the canton of Aargau (14.8%). Due to the deductibility of both taxes from taxable income, this results in an effective ordinary tax rate for the head office of 18.9%.

Deferred taxes by origin of temporary differences

CHF m	Assets 30.9.2014	Liabilities 30.9.2014	Assets 30.9.2013 restated	Liabilities 30.9.2013 restated
Property, plant and equipment	199.8	103.2	71.0	104.8
Intangible assets	0.9	12.0	2.5	72.2
Investments	32.0	60.4	18.7	54.1
Positive replacement values (current and non-current)	0.0	97.9	0.0	72.1
Other non-current assets	0.1	22.3	12.0	30.9
Trade receivables	12.2	5.1	13.3	2.7
Other current receivables	4.6	16.5	3.9	15.5
Provisions (current and non-current)	8.7	415.4	0.4	294.3
Negative replacement values (current and non-current)	31.9	0.0	26.4	11.7
Other liabilities (non-current)	31.7	3.0	10.3	3.1
Accrued expenses and deferred income	34.1	1.8	28.8	5.2
Other liabilities (current)	2.5	0.0	14.0	0.6
Tax-loss carry forwards capitalised	151.7	0.0	35.9	0.0
Deferred taxes, gross	**510.2**	**737.6**	**237.2**	**667.2**
Offsetting of assets and liabilities	–445.5	–445.5	–177.7	–177.7
Deferred taxes, net	**64.7**	**292.1**	**59.5**	**489.5**

For deferred taxes recognised in other income, see "Consolidated statement of comprehensive income".

As at 30 September 2014, temporary differences of CHF 25.9 million exist in respect of interests in Group companies, for which no deferred tax liabilities were recognised since it is not probable that the temporary differences will be resolved in the foreseeable future.

Expiry dates of tax-loss carry forwards not capitalised

CHF m	2013/14	2012/13 restated
Expiring in the following year	9.0	10.1
Expiring within 2 to 5 years	251.1	234.3
Expiring in more than 5 years	306.6	138.4
Total	**566.7**	**382.8**

16 | Property, plant and equipment

CHF m	Power plants	Transmission and distribution facilities	Land and buildings	Other property, plant and equipment	Assets under construction	Total
Acquisition cost						
Balance as at 30.9.2012 published	**5 420.4**	**3 176.6**	**674.1**	**345.4**	**593.6**	**10 210.1**
Change in accounting principles	2 936.2	0.0	22.1	6.7	1 073.3	4 038.3
Balance as at 30.9.2012 restated	**8 356.6**	**3 176.6**	**696.2**	**352.1**	**1 666.9**	**14 248.4**
Currency translation effect	11.7	0.0	0.1	0.0	0.5	12.3
Change in consolidation scope	35.6	0.0	0.0	0.0	0.0	35.6
Additions (investments)	8.8	4.1	0.3	7.1	620.7	641.0
Disposals	–46.2	–22.9	–9.1	–26.2	–0.8	–105.2
Adjustments to acquisition costs IFRIC 1	10.0	0.0	0.0	0.0	0.0	10.0
Reclassifications	100.9	106.0	28.5	–2.4	–238.6	–5.6
Balance as at 30.9.2013 restated	**8 477.4**	**3 263.8**	**716.0**	**330.6**	**2 048.7**	**14 836.5**
Currency translation effect	–15.7	0.0	–0.2	–0.1	4.0	–12.0
Change in consolidation scope	5.7	0.0	0.0	–34.8	–0.1	–29.2
Additions (investments)	1.6	5.9	0.4	5.1	707.2	720.2
Disposals	–46.3	–40.6	–3.5	–18.1	–23.7	–132.2
Adjustments to acquisition costs IFRIC 1	0.0	0.0	0.0	0.0	–153.4	–153.4
Reclassification to “assets held for sale”	–5.8	0.0	0.3	0.6	–5.7	–10.6
Reclassifications	2.1	56.5	1.1	20.2	–85.1	–5.2
Balance as at 30.9.2014	**8 419.0**	**3 285.6**	**714.1**	**303.5**	**2 491.9**	**15 214.1**
Accumulated depreciation						
Balance as at 30.9.2012 published	**–4 145.0**	**–1 814.1**	**–275.3**	**–219.8**	**–45.0**	**–6 499.2**
Change in accounting principles	–2 013.7	0.0	–7.5	–4.9	–181.2	–2 207.3
Balance as at 30.9.2012 restated	**–6 158.7**	**–1 814.1**	**–282.8**	**–224.7**	**–226.2**	**–8 706.5**
Depreciation in reporting period	–144.4	–75.3	–19.6	–28.3	–3.5	–271.1
Impairment losses	–211.9	0.0	–0.8	–1.2	–316.4	–530.3
Impairment reversals	15.8	0.0	0.0	0.0	0.0	15.8
Disposals	44.8	21.5	7.5	18.8	0.0	92.6
Reclassifications	0.0	–11.6	–1.2	11.7	3.4	2.3
Currency translation effect	–1.9	0.0	–0.1	0.0	–0.4	–2.4
Balance as at 30.9.2013 restated	**–6 456.3**	**–1 879.5**	**–297.0**	**–223.7**	**–543.1**	**–9 399.6**
Change in consolidation scope	–3.5	0.0	0.0	17.0	0.0	13.5
Depreciation in reporting period	–156.8	–49.3	–17.7	–22.4	0.0	–246.2
Impairment losses	–487.0	0.0	–0.2	0.0	–168.2	–655.4
Impairment reversals	0.0	0.0	0.0	0.0	47.7	47.7
Disposals	45.1	38.7	1.3	17.3	0.0	102.4
Reclassification to “assets held for sale”	0.8	0.0	0.0	0.0	0.0	0.8
Reclassifications	66.0	–21.0	–32.2	–10.5	0.9	3.2
Currency translation effect	9.6	0.0	0.1	0.0	0.5	10.2
Balance as at 30.9.2014	**–6 982.1**	**–1 911.1**	**–345.7**	**–222.3**	**–662.2**	**–10 123.4**
Carrying amount as at 1.10.2012 restated	2 197.9	1 362.5	413.4	127.4	1 440.7	5 541.9
Carrying amount as at 30.9.2013 restated	**2 021.1**	**1 384.3**	**419.0**	**106.9**	**1 505.6**	**5 436.9**
Carrying amount as at 1.10.2013 restated	2 021.1	1 384.3	419.0	106.9	1 505.6	5 436.9
Carrying amount as at 30.9.2014	**1 436.9**	**1 374.5**	**368.4**	**81.2**	**1 829.7**	**5 090.7**

The cost of acquisition of the power plant was reduced by a net CHF 163.6 million, reflecting cost increases versus the 2011 cost study and the extension of the depreciation period assumed for the Beznau nuclear power plant from 50 to 60 years. This change in accounting estimate was recognised in accordance with IFRIC 1 in property, plant and equipment under "Adjustments to acquisition costs IFRIC 1" and in the same amount in provisions for nuclear waste disposal (see Note 32 "Provisions") and did not affect net income.

Reclassifications totalling CHF 78.8 million from assets under construction to power plants, transmission and distribution systems, land and buildings and other property, plant and equipment were also made in the year under review. In addition, reclassifications were made in the year under review for the purpose of adjusting impairment loss allocations between assets in the individual categories of non-current assets.

Investment obligations
Long-term contractual obligations of CHF 186.1 million (previous year: CHF 380.4 million) were assumed in connection with the acquisition of property, plant and equipment (including nuclear fuel rods). Property, plant and equipment of CHF 1,021.8 million (previous year: CHF 1,037.5 million) was pledged as collateral for financial liabilities (see Note 36 "Pledged assets").

Power plants
In the financial year 2012/13, the Axpo Group acquired two existing wind farms in northern France. The line "Change in consolidation scope" shows the additions to property, plant and equipment resulting from the purchase. Further information relating to the acquisition is disclosed in Note 7 "Changes in the scope of consolidation".

Other property, plant and equipment
The item "Change in consolidation scope" mainly consists of the disposal of other property, plant and equipment from the sale of Axpo Contracting AG. Further information relating to the sale is disclosed in Note 7 "Changes in the scope of consolidation".

Assets under construction
Advance payments to businesses and suppliers included in assets under construction amounted to CHF 433.0 million (previous year restated: CHF 360.8 million).

Impairments and reversals of impairments – Value-in-use calculation
Impairment testing is based on a value-in-use calculation. For the first three years, the value in use corresponds to the present value of cash flows based on the budget plan. From year four, the projected cash flows for the measurement of fair value are based on assumed future electricity and gas prices and on assumptions with regard to corporate investment, the regulatory framework, and growth and discount rates. Cash flows are discounted using a pre-tax interest rate that is commensurate with the risk involved. The discount rate is based on a weighted average cost of capital (WACC) calculated using the capital asset pricing model (CAPM). The parameters used were defined according to the risk profile of the cash-generating unit in question.

Impairment testing of Swiss production plants
The discount rates used to calculate the value in use of Swiss production plants vary depending on the production type. The real interest rates after taxes range from 4.0% to 4.4%. Compared with the previous year, real interest rates after taxes declined by 10 to 40 bps, depending on the method of production. As in the previous year, additional key parameters used for the impairment testing of production facilities, such as future energy price trends and future production costs, were reviewed and adjusted in the year under review. Wholesale prices for electricity on the European forward markets, which were lower again versus the previous year, and the anticipated future market prices and production costs resulted in impairment losses of CHF 320.5 million for property, plant and equipment, relating specifically to Swiss power plants. A number of power plants are now producing at prices above the market price, effectively making them unprofitable.

The impairment reversal of CHF 47.7 million is a net effect of the change in the depreciation period for the Beznau power plant from 50 to 60 years and recognition of the change in the accounting estimates in the reporting year. As a result of the partner plants becoming fully consolidated under IFRS 10, the existing provisions for onerous energy procurement contracts were reclassified as impairments of property, plant and equipment as of 1 October 2012. This resulted in a change in impairment losses on Swiss power plants from CHF 172.2 million to CHF 391.7 million and a change in the impairment reversal from CHF 15.3 million to CHF 15.8 million in the 2012/13 financial year (see Note 32 "Provisions").

Impairment losses totalling CHF 316.6 million were recorded for the Assets segment, along with an impairment reversal of CHF 47.7 million (previous year restated: impairment losses totalled CHF 391.6 million and impairment reversals were CHF 15.8 million). Impairment losses of CHF 3.9 million were allocated to the CKW segment (previous year restated: CHF 0.1 million).

Impairment testing of foreign production facilities, land and buildings

Impairment charges were also recognised on power plants in Italy in a total amount of CHF 334.2 million and in France in a total amount of CHF 0.5 million, based on the further decline of wholesale prices for electricity on the European forward markets, the anticipated future market prices for electricity and lower expected EUR/CHF exchange rates (previous year: CHF 138.6 million in impairment losses on power plants in Italy). The impairment loss on land and buildings includes the impairment for a project company in Spain. The cash flows are discounted using an interest rate after tax of 3.7% or 3.8% (previous year: 3.3% or 3.6%) commensurate with the risk. A change in assumptions concerning expected prices and associated cash flows resulted in the carrying amount of the production facilities exceeding the recoverable amount.

Impairment losses of CHF 334.9 million were allocated to the Assets segment (previous year: CHF 138.6 million).

Fire insurance value

The fire insurance value of property, plant and equipment amounted to CHF 6,703.3 million as at 30 September 2014 (previous year restated: CHF 6,770.6 million).

Capitalised borrowing costs

In the 2013/14 financial year, borrowing costs of CHF 20.0 million (previous year restated: CHF 17.4 million) at a borrowing rate between 0.3% and 3.2% were capitalised.

17 | Intangible assets

CHF m	Energy procurement rights, use of facilities and concessions	Goodwill	Other	Total
Acquisition cost				
Balance as at 30.9.2012 published	**2 399.5**	**388.7**	**298.8**	**3 087.0**
Change in accounting principles	28.0	0.0	166.2	194.2
Balance as at 30.9.2012 restated	**2 427.5**	**388.7**	**465.0**	**3 281.2**
Change in consolidation scope	19.7	0.0	0.0	19.7
Additions (investments)	0.2	0.0	19.8	20.0
Disposals	–6.4	0.0	–4.4	–10.8
Reclassifications	17.4	–0.1	–3.3	14.0
Currency translation effect	0.0	1.4	0.2	1.6
Balance as at 30.9.2013 restated	**2 458.4**	**390.0**	**477.3**	**3 325.7**
Change in consolidation scope	0.0	–1.2	0.0	–1.2
Additions (investments)	0.0	0.0	17.0	17.0
Disposals	–0.4	0.0	–9.1	–9.5
Reclassifications	1.8	0.0	23.1	24.9
Currency translation effect	–0.3	–1.2	–0.6	–2.1
Balance as at 30.9.2014	**2 459.5**	**387.6**	**507.7**	**3 354.8**
Accumulated amortisation				
Balance as at 30.9.2012 published	**–1 473.3**	**–49.0**	**–248.1**	**–1 770.4**
Change in accounting principles	–18.5	0.0	–3.6	–22.1
Balance as at 30.9.2012 restated	**–1 491.8**	**–49.0**	**–251.7**	**–1 792.5**
Amortisation in reporting period	–73.2	0.0	–15.3	–88.5
Impairment losses	–187.5	–9.3	0.0	–196.8
Impairment reversals	44.9	0.0	0.0	44.9
Disposals	6.4	0.0	3.7	10.1
Reclassifications	–7.7	0.0	0.2	–7.5
Currency translation effects	0.0	–0.1	–0.1	–0.2
Balance as at 30.9.2013 restated	**–1 708.9**	**–58.4**	**–263.2**	**–2 030.5**
Change in consolidation scope	0.0	1.2	0.0	1.2
Amortisation in reporting period	–59.2	0.0	–12.2	–71.4
Impairment losses	–390.0	–86.5	–7.8	–484.3
Disposals	0.4	0.0	8.6	9.0
Reclassifications	1.8	0.0	–31.0	–29.2
Currency translation effects	0.0	0.2	0.6	0.8
Balance as at 30.9.2014	**–2 155.9**	**–143.5**	**–305.0**	**–2 604.4**
Carrying amount as at 1.10.2012 restated	935.7	339.7	213.3	1 488.7
Carrying amount as at 30.9.2013 restated	**749.5**	**331.6**	**214.1**	**1 295.2**
Carrying amount as at 1.10.2013 restated	749.5	331.6	214.1	1 295.2
Carrying amount as at 30.9.2014	**303.6**	**244.1**	**202.7**	**750.4**

In October 2013, the Axpo Group sold 100% of its shares in Axpo Contracting AG. The item “Change in consolidation scope” shows the reduction in goodwill and in the goodwill impairment of Axpo Contracting AG. Further information relating to the sale is disclosed in Note 7 “Changes in the scope of consolidation”.

Significant amounts of goodwill are attributable to the following cash-generating units. Other than goodwill, no intangible assets with an indefinite useful life are recorded in the balance sheet. Goodwill is allocated to the cash-generating units as follows:

CHF m	30.9.2014	30.9.2013
CKW Group	0.0	86.0
Axpo Trading Group	133.3	133.3
Axpo Italia S.p.A.	82.1	83.2
Axpo Hydro Surselva AG	27.3	27.3
Telcom AG	1.4	1.4
Other	0.0	0.4
Total	**244.1**	**331.6**

Impairments – Goodwill

The goodwill referred to above is subject to annual impairment testing based on a value-in-use calculation. The only exception to date was the testing of the goodwill for the CKW Group, for which the recoverable amount was in the past determined using the current stock exchange price less costs to sell. However, after CKW AG submitted an application for delisting to SIX Swiss Exchange AG on 25 September 2014, which was approved on 8 October 2014, the stock exchange price was no longer considered to be an appropriate basis for valuing the CKW Group. For this reason, a discounted cash flow calculation was used to determine the value in use.

The impairment loss on the CKW goodwill acquired in 2002 is based largely on the current price trend for electricity (see "Impairment testing of Swiss production plants" in Note 16 "Property, plant and equipment"). In the segment information, the impairment of CKW goodwill is not allocated to any given segment but is contained in the reconciliation. The presentation is consistent with the internal management report, in which the results of the CKW segment are measured without this goodwill.

Value-in-use calculation

The recoverable amount is based on a value-in-use calculation, which derives from the budget plan. The value in use is equal to the present value of cash flows over five years plus a residual value without taking into account any growth rate. Cash flow projections are drawn up based on empirical values and on management estimations of the market trend. The significant assumptions on which the fair value is based include forecasts of applicable future electricity and gas prices, of corporate investments, of the regulatory framework and of growth and discount rates.

WACC rates

The cash flows are discounted using an interest rate after tax of between 4.1% and 4.5% (previous year: between 4.1% and 4.6%) commensurate with the risk. The discount rate is based on a real weighted average cost of capital (WACC) calculated using the capital asset pricing model (CAPM). The parameters used were defined according to the risk profile of the cash-generating unit in question.

Impairments and reversal of impairments

The impairment test of goodwill for the CKW Group resulted in an impairment loss on the entire goodwill of CHF 86.0 million on the measurement date. Impairment testing of the other goodwill also revealed that it is no longer recoverable. An impairment loss of CHF 0.4 million was therefore recognised (previous year: CHF 9.3 million). The value in use of Axpo Trading Group and Axpo Italia S.p.A. clearly exceeds the respective carrying amounts, and, therefore, no impairment adjustment is required.

Sensitivities

In the case of Axpo Italia, an interest rate increase from 4.5% to 8.8% would result in the value in use being reduced to the carrying amount. For Axpo Trading Group, increasing the interest rate from 4.2% to 5.5% would result in the value in use being reduced to the carrying amount. The value in use clearly exceeds the carrying amount during the reporting year for Hydro Surselva AG.

Impairments and reversals of impairments – Energy procurement rights and other intangible assets

Different discount rates were used per production type to calculate the value in use of the energy procurement contracts, use of facilities and concessions. The real interest rates after taxes applicable to energy procurement contracts, use of facilities and concessions ranged from 3.2% to 4.7% (previous year: 3.8% to 4.5%).

In the case of intangible assets, the changes in estimates resulted in an additional impairment of CHF 323.9 million relating to energy procurement rights abroad during the reporting year (previous year: CHF 162.9 million). Impairment losses of CHF 66.1 million were recognised on Swiss energy procurement rights (previous year: impairment losses totalled CHF 44.9 million and impairment reversals were CHF 24.6 million).

Based on the changes in estimates, an impairment charge of CHF 7.8 million was recognised on other intangible assets. Impairment losses of CHF 397.7 million were allocated to the Assets segment (previous year: impairment losses totalled CHF 44.9 million and impairment reversals were CHF 193.6 million). Further impairments of CHF 0.2 million were recognised for the Trading & Sales segment. In the previous year, impairments of CHF 0.3 million were recognised for the CKW segment.

18 | Ownership interests in partner plants and other associates

CHF m	Partner plants	Other associated companies	Total
Carrying amount as at 30.9.2013 published	**1 360.2**	**699.3**	**2 059.5**
Change in accounting principles	–432.1	0.9	–431.2
Carrying amount as at 30.9.2013 restated	**928.1**	**700.2**	**1 628.3**
Additions	1.0	47.8	48.8
Disposals	–0.1	–5.5	–5.6
Reclassification to "assets held for sale"	–8.1	0.0	–8.1
Impairment losses	0.0	–101.3	–101.3
Dividend	–35.1	–3.7	–38.8
Share of profit	36.9	38.0	74.9
Actuarial losses	–26.2	–9.6	–35.8
Currency translation effect	–0.2	–3.1	–3.3
Carrying amount as at 30.9.2014	**896.3**	**662.8**	**1 559.1**

The proportional share of profit comprises profits and losses of the partner plants and other associates for the reporting period.

All significant partner plants and other associates are measured consistently using IFRS principles. Where no IFRS statements are available, a reconciliation to IFRS accounts was prepared. The reporting data of individual partner plants and other associates deviates from that of the Axpo Group. The most recent financial statements available for these companies will be used for the consolidated financial statements of the Axpo Group. Significant transactions and events which took place between the most recent statement and 30 September will be accounted for in the consolidated financial statements.

The additions to associates can be attributed to the investment in an onshore wind farm portfolio in France in the amount of CHF 34.5 million, a proportional capital increase at Trans Adriatic Pipeline AG of CHF 6.3 million, and a proportional capital increase at Geo Energie Taufkirchen GmbH & Co. KG of CHF 4.5 million. During the reporting year, the Group's investment in Terravent AG was also increased from 14.3% to 25%.

As at the balance sheet date, liabilities to pay in capital on shares amounted to over CHF 22.7 million (previous year: CHF 27.5 million).

Impairments and reversals of impairments

Value-in-use calculation

Impairment testing is based on a value-in-use calculation. The value in use corresponds to the present value of cash flows based on the budget plan. Cash flows are discounted using a pre-tax interest rate that is commensurate with the risk involved. The discount rate is based on a real weighted average cost of capital (WACC) calculated using the capital asset pricing model (CAPM). The parameters used were defined according to the risk profile of the cash-generating unit in question.

Impairment testing of other associates

A value-in-use calculation is carried out for investments in other associated companies if an indicator suggests that the asset could be impaired. The recoverable amount is based on a value-in-use calculation for which different discount rates are used according to production type and country. The real interest rates after taxes range from 3.3% to 4.1% (previous year: 3.4% to 3.6%). As in the previous year, additional key parameters used for the impairment testing of investments were reviewed and adjusted in the year under review. A change in assumptions concerning expected energy prices and associated cash flows resulted in the carrying amount exceeding the recoverable amount for some associates, and an impairment loss of CHF 97.6 million had to be recognised. Of the CHF 97.6 million in impairment losses, CHF 70.3 million was attributable to companies in Italy, CHF 14.7 million to companies in Germany, CHF 10.2 million to companies in Spain, CHF 1.3 million to companies in France and CHF 1.1 million to companies in Switzerland. The impairment was allocated to the Assets segment.

An impairment loss of CHF 3.7 million was recognised on the investment in Repower AG, based on the company's publicly listed share price of CHF 116 per share as at 30 September 2014. The impairment loss during the previous year was CHF 83.4 million. The impairment is not allocated to any segment. In the year under review, the proportional share of earnings in the Repower AG investment had a negative impact of CHF 46.9 million (previous year: proportional share of profit of CHF 9.0 million).

Partner plants

Shareholders in partner plants are obliged to pay a pro rata share of annual expenses (including interest and repayment of loans). For the Axpo Group, the proportional annual costs were CHF 860.6 million (previous year, restated: CHF 840.0 million). These costs are included under energy procurement costs and cost of goods (see Note 10 "Energy procurement, grid usage and cost of goods"). Details of the equity-consolidated partner plants are given in the individual annual reports of the partner plants.

Owners of nuclear power plants have a limited subsequent payment obligation to the decommissioning fund in the event that one of the primary obligated parties is unable to meet its payment obligations.

The Axpo Group has material investments in the partner plants Kernkraftwerk Leibstadt AG and Kernkraftwerk Gösgen-Däniken AG. A list of partner plants and other associates can be found in Note 40 "Investments" on pages 80–84.

The tables below show the key figures of the partner plants referred to above. These figures are the figures that appear in the companies' financial statements, reconciled to IFRS:

Key financial figures of material partner plants and other associates

CHF m	Gross value 30.9.2014		Gross value 30.9.2013	
	Kernkraftwerk Leibstadt AG	Kernkraftwerk Gösgen-Däniken AG	Kernkraftwerk Leibstadt AG	Kernkraftwerk Gösgen-Däniken AG
Balance sheet				
Non-current assets	3 897.9	3 334.9	3 914.6	3 297.6
Current assets	400.6	154.4	351.8	157.2
Non-current liabilities	3 732.5	3 115.2	3 695.1	3 054.1
thereof non-current financial liabilities	569.4	195.1	540.4	43.6
Current liabilities	118.1	93.0	95.3	86.5
thereof current financial liabilities	118.1	93.0	95.3	86.5
Equity	447.9	281.1	476.0	314.2
Share in %	34.63%	35.95%	34.63%	35.95%
Carrying amount of investments in associates	**155.1**	**101.1**	**164.8**	**113.0**
Dividends received	8.6	6.3	8.6	6.3

CHF m	Gross value 2013/14		Gross value 2012/13	
	Kernkraftwerk Leibstadt AG	Kernkraftwerk Gösgen-Däniken AG	Kernkraftwerk Leibstadt AG	Kernkraftwerk Gösgen-Däniken AG
Income statement				
Income	618.9	486.6	624.2	471.0
Expenses	–592.6	–468.0	–597.9	–452.3
Profit	**26.3**	**18.6**	**26.3**	**18.7**
Statement of comprehensive income				
Other income	–29.6	–34.4	25.4	27.6
Total comprehensive income	–3.3	–15.8	51.7	46.3
Share in %	34.63%	35.95%	34.63%	35.95%
Share of profit	9.1	6.7	9.1	6.7
Share of other income	–10.3	–12.4	8.8	9.9
Share of total comprehensive income	–1.2	–5.7	17.9	16.6

The tables below show the aggregated key financial figures for the other, individually immaterial, investments in partner plants and other associates (proportional):

Key financial figures of partner plants and other associates as at 30.9.2014

CHF m	Aggregation of single stated companies	Partner plants	Other associates	Total
Carrying amount of investments	256.2	640.1	662.8	1 559.1
Balance sheet				
Non-current assets	2 548.7	2 364.0	2 270.2	7 182.9
Current assets	194.2	179.7	597.9	971.8
Non-current liabilities	2 412.4	1 581.7	1 391.8	5 385.9
thereof non-current financial liabilities	267.3	1 439.7	1 225.4	2 932.4
Current liabilities	74.3	313.8	664.6	1 052.7
thereof current financial liabilities	74.3	306.5	474.7	855.5
Equity	256.2	648.2	811.7	1 716.1
Income statement				
Income	389.3	565.6	1 190.2	2 145.1
Expenses	–373.5	–544.5	–1 152.2	–2 070.2
Profit	**15.8**	**21.1**	**38.0**	**74.9**
Statement of comprehensive income				
Total other income	–22.7	–3.5	–9.6	–35.8
Total comprehensive income	–6.9	17.6	28.4	39.1

Key financial figures of partner plants and other associates as at 30.9.2013

CHF m	Aggregation of single stated companies	Partner plants	Other associates	Total
Carrying amount of investments	277.8	650.4	700.1	1 628.3
Balance sheet				
Non-current assets	2 541.1	2 419.2	2 101.0	7 061.3
Current assets	178.3	231.4	562.6	972.3
Non-current liabilities	2 377.5	1 656.2	1 397.3	5 431.0
thereof non-current financial liabilities	202.8	1 455.5	1 289.2	2 947.5
Current liabilities	64.1	344.1	494.8	903.0
thereof current financial liabilities	64.1	335.7	467.6	867.4
Equity	277.8	650.3	771.5	1 699.6
Income statement				
Income	385.5	593.3	558.7	1 537.5
Expenses	–369.7	–572.0	–551.2	–1 492.9
Profit	**15.8**	**21.3**	**7.5**	**44.6**
Statement of comprehensive income				
Total other income	18.7	5.3	11.0	35.0
Total comprehensive income	34.5	26.6	18.5	79.6

19 | Subsidiaries with significant non-controlling interests

A list of subsidiaries can be found in Note 40 "Investments" on pages 80–84. The Axpo Group has significant minority interests in the CKW Group and Kraftwerke Linth-Limmern AG. The tables below show the key financial figures of these subsidiaries. These figures are the figures that appear in the companies' financial statements, reconciled to IFRS values before intercompany eliminations:

Key financial figures (before intercompany eliminations)

CHF m	2013/14		2012/13	
	CKW Group	Kraftwerke Linth-Limmern AG	CKW Group	Kraftwerke Linth-Limmern AG
Non-controlling interests (in %)	**19.0**	**15.0**	**19.0**	**15.0**
Non-current assets	1 362.9	2 078.1	1 297.4	1 787.2
Current assets	693.7	434.5	777.3	179.6
Non-current liabilities	313.9	2 077.6	192.4	1 678.9
thereof non-current financial liabilities	25.7	2 077.6	22.0	1 678.9
Current liabilities	262.0	67.6	389.4	74.7
thereof current financial liabilities	0.2	0.0	116.6	0.0
Equity	1 480.7	367.4	1 492.9	213.2
Equity attributable to the shareholders of Axpo Holding AG	1 199.4	312.3	1 209.2	181.2
Equity attributable to the non-controlling interests	281.3	55.1	283.7	32.0
Revenues	847.6	85.3	938.9	76.2
Operating expenses	–740.0	–26.5	–737.7	–26.9
Depreciation, amortisation and impairments	–60.5	–12.1	–61.5	–12.0
Share of profit of associates	15.8	0.0	9.5	0.0
Financial result	–1.5	–35.5	–3.7	–30.2
Income tax expense	–4.3	–2.0	–15.9	–1.1
Profit for the period	**57.1**	**9.2**	**129.6**	**6.0**
Profit for the period attributable to the shareholders of Axpo Holding AG	46.3	7.8	105.0	5.1
Profit for the period attributable to the non-controlling interests	10.8	1.4	24.6	0.9
Total comprehensive income	14.1	9.2	215.0	6.0
Total comprehensive income attributable to the shareholders of Axpo Holding AG	11.4	7.8	174.1	5.1
Total comprehensive income attributable to the non-controlling interests	2.7	1.4	40.9	0.9
Dividends paid to the non-controlling interests	–0.8	0.0	–0.8	0.0
Cashflow from operating activities	174.9	57.3	194.7	34.9
Cashflow from investing activities	–57.8	–550.2	–123.5	–146.5
Cashflow from financing activities	–135.3	492.9	–18.6	111.6
Currency translation effect	–0.2	0.0	0.2	0.0
Change in cash and cash equivalents	**–18.4**	**0.0**	**52.8**	**0.0**

20 | Other financial assets

CHF m	30.9.2014	30.9.2013 restated
Available-for-sale financial assets	1 358.7	1 232.1
Loans	780.7	750.4
Other (financial instruments)	0.0	3.0
Total other financial assets (non-current)	**2 139.4**	**1 985.5**
Available-for-sale financial assets	0.7	0.5
Total other financial assets (current)	**0.7**	**0.5**
Total	**2 140.1**	**1 986.0**

The available-for-sale financial assets consist mainly of units of equity, real estate and bond funds.

The loans primarily relate to various financial assets of related entities with different maturities and variable rates of interest:

Non-current loan receivables (carrying amount > CHF 10 million) outstanding at the balance sheet date

CHF m	Term	Interest rate %	Carrying amount 30.9.2014	Carrying amount 30.9.2013 restated
AKEB Aktiengesellschaft für Kernenergie-Beteiligungen Luzern	5.5.2009 – 5.5.2015	2.71%	0.0	25.5
Argessa AG	30.4.2012 – 28.9.2017	3.5%	11.0	11.0
ENAG Energiefinanzierungs AG	31.7.2014 – 30.3.2016	0.71%	20.0	20.0
Global Tech I Offshore Wind GmbH	until 31.12.2030	6.0% resp. 10.0%	83.8	75.2
Kraftwerk Göschenen AG	31.1.2007 – 31.1.2017	2.936%	20.0	20.0
Kraftwerke Mattmark AG	19.2.2007 – 19.2.2017	3.118%	15.0	15.0
Kraftwerke Mauvoisin AG	29.1.2007 – 29.1.2017	3.08%	10.0	10.0
Società EniPower Ferrara S.r.l.	22.12.2008 – 20.12.2023	1.51% [1]	146.3	162.8
Swissgrid AG	3.1.2013 – 3.1.2022	3.93%	273.4	275.2
Terravent AG	until 31.3.2042	2.0% - 3.25%	13.8	4.4
Total			**593.3**	**619.1**

1) variable interest rate linked to 6-month EURIBOR plus 1.2%

As part of the transfer of transmission systems to Swissgrid AG in 2013, 70% of the related compensation took the form of loans to Swissgrid AG. The loans include a unilateral conversion right on the part of Swissgrid AG, according to which in the event of certain conditions arising, the loans may be converted into Swissgrid AG shares. The short-term tranches of the loan were already repaid in the 2012/13 financial year.

The increase in loans during the financial year under review is attributable to the additional loans granted to ENAG Energiefinanzierungs AG and Terravent AG.

21 | Investment properties

CHF m	2013/14	2012/13 restated
Acquisition cost		
Balance as at 1.10.	**76.7**	**89.3**
Changes in accounting principles	0.0	9.5
Balance as at 1.10.	**76.7**	**98.8**
Disposals	–3.5	–21.5
Reclassification	0.0	–0.6
Balance as at 30.9.	**73.2**	**76.7**
Accumulated depreciation		
Balance as at 1.10.	**–46.3**	**–45.8**
Changes in accounting principles	0.0	–8.2
Balance as at 1.10.	**–46.3**	**–54.0**
Depreciation in reporting period	–0.4	–1.0
Impairment losses	–1.5	0.0
Disposals	3.0	8.3
Reclassifications	0.0	0.5
Balance as at 30.9.	**–45.2**	**–46.2**
Carrying amount as at 1.10.	30.4	44.8
Carrying amount as at 30.9.	**28.0**	**30.5**

Investment properties also includes assets under construction.

The fair value of the investment properties was calculated on the basis of both external appraisals and internal calculations, and came to CHF 58.2 million at the balance sheet date (previous year restated: CHF 59.2 million). Expenses and income from investment properties are disclosed in Note 14 “Financial result”.

22 | Assets held for sale

CHF m	30.9.2014
Property, plant and equipment (Note 16)	9.8
Ownership interests in partner plants and other associates (Note 18)	8.1
Total assets held for sale	**17.9**

The Swiss Electricity Supply Act (StromVG) and the related Ordinance (StromVV) came into force on 1 January 2008 and 1 April 2008 respectively. The new legislation required all transmission systems to be transferred to the national grid operator Swissgrid AG within five years, by 1 January 2013 at the latest. The transfer took place as planned on 3 January 2013. The previous grid owners were compensated for the transfer of the transmission systems to Swissgrid AG based on the provisional transfer values. Compensation took the form of shares in Swissgrid AG (30%) and loans to Swissgrid AG (70%). Value adjustment 1 was already made in the 2012/13 financial year. The definitive transfer values will be determined once all pending proceedings have closed (see Note 5 “Estimation uncertainties”). The gains made in the previous year of CHF 36.9 million from the sale of NOK Grid AG and EGL Grid AG and CHF 5.1 million from the sale of CKW Grid AG are included in other operating income. NOK Grid AG and EGL Grid AG had not been allocated to any segment. CKW Grid AG had been allocated to the CKW segment.

As things stand at present, additional facilities owned by Kraftwerke Linth-Limmern AG, Kraftwerke Sarganserland AG, Kraftwerke Vorderrhein AG and Kraftwerke Ilanz AG will be transferred in the form of an asset deal on 5 January 2015 at a provisional transfer value of CHF 9.8 million. Here, too, the definitive transfer values will be determined once all pending proceedings have closed (see Note 5 “Estimation uncertainties”).

The Axpo Group will sell the holding in Kraftwerk Wassen AG to Schweizerische Bundesbahnen AG (SBB) on 1 January 2015 for a price of CHF 8.2 million. The net carrying value of the investment on 30 September 2014 was CHF 8.1 million. The investment is allocated to the CKW segment.

23 | Inventories

CHF m	30.9.2014	30.9.2013
Nuclear fuel	52.8	52.9
Certificates for own use	4.9	13.4
Work in progress	22.0	23.5
Materials	78.1	76.4
Inventories of other energy sources	4.2	3.9
Gas inventories at fair value	240.6	159.4
Certificates at fair value	178.6	254.8
Impairment provisions	–37.3	–35.3
Total	**543.9**	**549.0**

Emission certificates, green certificates, gas inventories and biomass that have been purchased for resale in the near term with a view to generating a profit from fluctuations in prices or trading margins are measured at fair value less costs to sell. Trading inventories in the amount of CHF 370.0 million are measured using inputs based on observable market data that flow either directly or indirectly into the valuation models (level 2). The fair value of certificates was measured at CHF 49.2 million using valuation models for which significant input parameters are based on unobservable market data (level 3).

Emission certificates, green certificates, gas inventories and biomass that are intended for own use are measured at the lower of cost or fair value. The year-on-year increase in gas inventories is attributable to the expansion of gas-related activities.

The decrease in the number of certificates for trading is attributable to price trends as well as a reduction in the "greenification" ratio. Lower holdings of green certificates are thus required to fulfil the legal requirements. Since at the time of purchase it was not yet certain whether these certificates would be used for own use or resold, depending on the market situation, the certificates in the trading book are recognised in the trading book and measured at fair value.

In the previous year, to meet compliance requirements, the purchase of green certificates took place at an earlier date than in the years before and in the current reporting year. Since at the time of purchase it was not yet certain whether these certificates would be used for own use or resold, depending on the market situation, they were allocated to a trading book and measured at fair value.

24 | Trade receivables

CHF m	30.9.2014	30.9.2013 restated
Trade receivables	817.3	711.7
Provision for bad and doubtful receivables	–74.7	–106.9
Total	**742.6**	**604.8**

Trade receivables from customers who are simultaneously suppliers are set off against trade payables, provided a netting arrangement has been agreed. The netted receivables and payables which were included in "Revenues not yet invoiced" and "Operating expenses not yet invoiced" amount to CHF 1,359.3 million (previous year: CHF 1,483.9 million, see Note 26 "Other receivables" and Note 33 "Other liabilities (current)").

The necessary provisions for bad and doubtful trade receivables were based on experience and individual assessments. A detailed analysis of trade receivables and the provision for bad and doubtful receivables can be found in Note 6 "Financial risk management".

25 | Financial receivables (current)

CHF m	30.9.2014	30.9.2013 restated
Financial receivables (current)	1 462.2	298.8
Total	**1 462.2**	**298.8**

Current financial receivables include current account balances due to related parties and time deposits. Due to the exceptionally low money market interest rates, liquidity investments (time deposits) are increasingly being concluded with a term of more than 90 days. These investments therefore no longer meet the criteria for classification as cash and cash equivalents and are recognised as current financial receivables, provided the term does not exceed twelve months from the balance sheet date.

26 | Other receivables

CHF m	30.9.2014	30.9.2013 restated
Receivables from state funds	1 946.1	1 710.9
Balances with pension plans	3.0	0.0
Advance payments to suppliers	6.7	0.0
Other (financial instruments)	23.7	43.8
Other (non-financial instruments)	106.4	158.0
Total non-current other receivables	**2 085.9**	**1 912.7**
Accrued income and prepaid expenses (financial instruments)	9.4	10.2
Accrued income and prepaid expenses (non-financial instruments)	104.1	98.1
Advance payments to suppliers	52.8	33.0
Revenues not yet invoiced (financial instruments)	1 389.3	1 516.4
Other (financial instruments)	222.3	227.5
Other (non-financial instruments)	191.9	164.7
Total current other receivables	**1 969.8**	**2 049.9**
Total	**4 055.7**	**3 962.6**

Receivables from government funds relate to the decommissioning and disposal funds for nuclear power plants. The fair value of the government funds at the balance sheet date was CHF 1,946.1 million (previous year: CHF 1,710.9 million). As at the balance sheet date, the receivables for decommissioning and disposal of nuclear waste after operation totalled CHF 1,748.3 million (previous year: CHF 2,048.0 million). The impact of the change in receivables from government funds on the income statement is explained in Note 14 “Financial result”.

Revenues not yet invoiced include invoices that have not yet been issued for energy supplied in the traditional energy business and in energy trading. Trade receivables from customers who are simultaneously suppliers are set off against trade payables, provided a netting arrangement has been agreed. The netted receivables and payables included in “Revenues not yet invoiced” and “Operating expenses not yet invoiced” total CHF 1,359.3 million (previous year: CHF 1,483.9 million; see Note 24 “Trade receivables” and Note 33 “Other liabilities (current)”).

On 17 November 2012, it was announced that the Milan public prosecutor’s office had launched an investigation into various employees of Axpo Italia S.p.A. and the company itself in connection with VAT fraud related to trading in European CO_2 certificates. At the request of the public prosecutor, assets in the amount of EUR 77.2 million were provisionally seized under court order. This amount is included in “Other receivables”. Despite the fact that the investigation has not yet been concluded, the seized assets were returned in October 2014.

27 | Cash and cash equivalents

CHF m	30.9.2014	30.9.2013 restated
Petty cash, cash at banks and post office	1 915.8	1 999.7
Short-term investments	94.3	925.3
Total	**2 010.1**	**2 925.0**

Short-term investments are available within 90 days. Due to the exceptionally low money market interest rates, liquidity investments (time deposits) increasingly had to be concluded for longer terms (> 3 months) (see Note 25 "Financial receivables (current)").

At the end of the reporting period, cash and cash equivalents held in Swiss francs amounted to CHF 1,499.7 million (previous year restated: CHF 2,617.7 million), while the amount held in euros amounted to CHF 469.9 million (previous year restated: CHF 258.8 million).

28 | Equity
Changes in value of financial instruments recognised in equity according to IAS 39

CHF m	Reserves from hedge accounting	Unrealised gains and losses	Total
Balance as at 30.9.2012	**36.6**	**120.0**	**156.6**
Change in fair value of available-for-sale financial assets (non-current)	0.0	26.6	26.6
Changes in cash flow hedges	335.1	0.0	335.1
Gains (–) / losses (+) transferred to the income statement	–51.7	15.2	–36.5
Deferred tax thereon	–60.3	–3.3	–63.6
Net change	**223.1**	**38.5**	**261.6**
Balance as at 30.9.2013	**259.7**	**158.5**	**418.2**
Change in fair value of available-for-sale financial assets (non-current)	0.0	107.6	107.6
Changes in cash flow hedges	70.1	0.0	70.1
Gains (–) / losses (+) transferred to the income statement	–1.7	–9.5	–11.2
Deferred tax thereon	–19.8	–7.6	–27.4
Net change	**48.6**	**90.5**	**139.1**
Balance as at 30.9.2014	**308.3**	**249.0**	**557.3**

29 | Financial liabilities (non-current)

CHF m	30.9.2014	30.9.2013 restated
Bonds at carrying amount	3 012.2	2 611.5
Mortgage loans	19.9	18.9
Non-current loans	1 297.4	1 347.1
Total	**4 329.5**	**3 977.5**
The following due dates applied at the end of the financial year:		
Due within 1 to 5 years	1 107.8	1 074.3
Due in more than 5 years	3 221.7	2 903.2
Total	**4 329.5**	**3 977.5**
Average weighted interest rate at the balance sheet date:		
Bonds	1.2%	1.3%
Non-current loans	2.2%	2.2%

Bonds outstanding at the balance sheet date

CHF m	Term	Effective interest rate %	Fair value 30.9.2014	Fair value 30.9.2013 restated
Axpo Holding AG, CHF 700 million face value, 2.625% fixed rate	26.2.2010 – 26.2.2020	0.872%	764.4	752.5
Axpo Holding AG, CHF 300 million face value, 3.125% fixed rate	26.2.2010 – 26.2.2025	1.570%	344.4	326.4
Axpo Trading AG, CHF 250 million face value, 2.5% fixed rate	23.11.2005 – 23.11.2015	0.556%	255.5	259.8
Kraftwerke Linth-Limmern AG, CHF 150 million face value, 3.375% fixed rate	6.6.2008 – 6.6.2016	0.374%	157.5	161.3
Kraftwerke Linth-Limmern AG, CHF 200 million face value, 2.125% fixed rate	10.3.2010 – 10.3.2017	0.489%	207.9	209.5
Kraftwerke Linth-Limmern AG, CHF 200 million face value, 2.75% fixed rate	10.3.2010 – 10.3.2022	1.063%	224.0	214.0
Kraftwerke Linth-Limmern AG, CHF 200 million face value, 2.75% fixed rate	10.6.2011 – 9.6.2023	1.155%	226.2	212.4
Kraftwerke Linth-Limmern AG, CHF 270 million face value, 1.25% fixed rate	11.9.2014 – 11.9.2024	1.358%	267.3	0.0
Kraftwerke Linth-Limmern AG, CHF 130 million face value, 2.375% fixed rate	10.12.2013 – 10.12.2026	1.759%	138.7	0.0
Kraftwerke Linth-Limmern AG, CHF 125 million face value, 2.875% fixed rate	30.6.2011 – 30.6.2031	2.079%	138.9	130.6
Kraftwerke Linth-Limmern AG, CHF 150 million face value, 2.875% fixed rate	27.3.2012 – 27.3.2042	2.602%	158.0	148.4
Kraftwerke Linth-Limmern AG, CHF 160 million face value, 3.0% fixed rate	2.4.2013 – 2.4.2048	2.661%	171.9	160.2
Kraftwerke Linth-Limmern AG, CHF 200 million face value, 3.0% fixed rate	27.9.2012 – 27.9.2052	2.723%	213.0	202.6
Total			**3 267.7**	**2 777.7**

All bonds are carried at amortised cost using the effective interest method and are listed on the SIX Swiss Exchange.

Non-current loans (carrying amount > CHF 10 million) outstanding at the balance sheet date

CHF m	Term	Interest rate %	Carrying amount 30.9.2014	Carrying amount 30.9.2013 restated
Glarner Kantonalbank AG	30.9.2005 – 30.9.2015	2.65%	0.0	10.0
Pax, Schweizerische Lebensversicherungs-Gesellschaft AG	19.3.2009 – 19.3.2018	3.00%	15.0	15.0
Pax, Schweizerische Lebensversicherungs-Gesellschaft AG	12.5.2009 – 12.5.2016	3.00%	15.0	15.0
Private placement	5.3.2007 – 5.3.2019	3.625%	30.0	30.0
Private placement	5.3.2007 – 5.3.2027	3.25%	30.0	30.0
Schweizerische Unfallversicherung Suva	19.3.2008 – 19.3.2018	3.61%	90.0	90.0
Zürcher Kantonalbank AG	15.5.2009 – 15.5.2007	2.94%	15.0	15.0
Private placement	5.3.2007 – 4.3.2022	3.25%	30.0	30.0
Private placement	31.7.2007 – 29.7.2022	3.75%	25.0	25.0
Subtotal			**250.0**	**260.0**

CHF m	Term	Interest rate %	Carrying amount 30.9.2014	Carrying amount 30.9.2013 restated
Private placement	30.6.2011 – 28.6.2041	3.00%	25.0	25.0
Private placement	23.8.2012 –23.8.2024	1.75%	20.0	20.0
Graubündner Kantonalbank AG	17.8.2012 – 17.8.2027	2.08%	13.0	13.0
Anlagestiftung der Migros Pensionskasse	27.9.2012 – 27.9.2024	2.125%	10.0	10.0
St. Galler Kantonalbank AG	30.8.2012 – 30.8.2019	1.18%	15.0	15.0
Zürcher Kantonalbank AG	17.8.2012 – 17.8.2021	0.99%	19.0	25.0
Graubündner Kantonalbank AG	16.8.2006 – 16.8.2016	3.34%	13.0	13.0
Graubündner Kantonalbank AG	2.8.2010 – 2.8.2022	2.42%	20.0	20.0
Pax, Schweizerische Lebensversicherungs-Gesellschaft AG	13.8.2010 – 13.8.2020	2.25%	20.0	20.0
Private placement	28.5.2008 – 28.5.2018	3.75%	10.0	10.0
Private placement	13.8.2010 – 13.8.2015	2.625%	20.0	20.0
Private placement	16.8.2010 – 16.8.2030	2.683%	20.0	20.0
Total			**455.0**	**471.0**

Furthermore the long-term loan liabilities relate to financing for the Calenia Energia S.p.A. and Rizziconi Energia S.p.A. gas-fired combined-cycle power plants in Italy . The loan liability in respect of Calenia Energia S.p.A. amounts to EUR 189.0 million (previous year: EUR 208.3 million) at a variable interest rate of 1.60% (previous year: 1.50%). The loan liability in respect of Rizziconi Energia S.p.A. amounts to EUR 251.6 million (previous year: EUR 268.1 million) at a variable interest rate of 1.59% (previous year: 1.54%). The loans will be repaid at the latest by 2019 and 2023 respectively.

Pledged assets amounted to CHF 1,021.8 million (previous year: CHF 1,037.5 million, see Note 36 “Pledged assets”).

30 | Net financial assets

CHF m	30.9.2014	30.9.2013 restated
Current financial liabilities	348.4	271.0
Non-current financial liabilities	4 329.5	3 977.5
Total eligible debt	**4 677.9**	**4 248.5**
Cash and cash equivalents	–2 010.1	–2 925.0
Financial assets available for sale	–1 359.4	–1 235.6
Non-current financial loans	–780.7	–750.4
Current financial receivables	–1 462.2	–298.8
Total surplus liquidity	**–5 612.4**	**–5 209.8**
Total	**–934.5**	**–961.3**

31 | Other liabilities (non-current)

CHF m	30.9.2014	30.9.2013 restated
Assigned energy procurement and usage rights	124.0	127.8
Employee benefit obligation (Note 34)	171.8	46.1
Other (financial instruments)	39.3	6.3
Other (non-financial instruments)	130.1	158.9
Total	**465.2**	**339.1**
The following maturity dates applied at the end of the financial year: 1)		
Due within 1 to 5 years	86.7	78.5
Due in more than 5 years	378.5	260.6
Total	**465.2**	**339.1**

1) In case of the usage rights, the maturity corresponds to the depreciation period.

The assigned usage rights consist of payments received from third parties for the granting of facility usage and energy procurement rights. Payments received are recognised in profit or loss on a straight-line basis over the life of the relevant usage rights.

Furthermore, the day-one profit resulting from long-term contracts, which are measured based on partially unobservable input data, is recognised under other non-current liabilities (financial instruments) (see Note 6 "Financial risk management", Table "Deferred day-one profit or loss").

32 | Provisions

CHF m	Nuclear waste disposal 1)	Onerous energy procurement contracts	Other provisions	Total
Balance as at 30.9.2013 published	**2 770.3**	**577.2**	**128.1**	**3 475.6**
Changes in accounting principles	0.0	–369.2	1.9	–367.3
Balance as at 30.9.2013 restated	**2 770.3**	**208.0**	**130.0**	**3 108.3**
Change in consolidation scope	0.0	0.0	–0.2	–0.2
Allocation	10.2	342.5	99.4	452.1
Interest	124.9	6.3	7.3	138.5
Release	–163.6	–17.8	–11.2	–192.6
Usage	–28.6	–34.4	–31.9	–94.9
Reclassifications	–0.0	–0.4	–0.7	–1.1
Currency translation effect	0.0	0.0	–1.0	–1.0
Balance as at 30.9.2014	**2 713.2**	**504.2**	**191.7**	**3 409.1**
Current portion of provisions	58.3	65.6	101.5	225.4
Non-current portion of provisions	2 654.9	438.6	90.2	3 183.7
Total	**2 713.2**	**504.2**	**191.7**	**3 409.1**

1) "Nuclear waste disposal" contains an amount of CHF 10.2 million not recognised in profit or loss which is related to the allocation of the acquisition costs of the Beznau nuclear power plant. IFRIC 1 was applied to create both of these provisions. The same amounts were capitalised under "Power plants" (see note 16 "Property, plant and equipment").

Expected cash outflows from provisions

CHF m	Nuclear waste disposal	Onerous energy procurement contracts	Other provisions	Total
Within 1 year	58.3	65.6	101.5	225.4
Between 1 and 5 years	216.8	214.1	77.1	508.0
In more than 5 years	2 438.1	224.5	13.1	2 675.7
Total	**2 713.2**	**504.2**	**191.7**	**3 409.1**

Provisions for "Nuclear waste disposal"

Provisions for "Nuclear waste disposal" are set aside for the disposal of spent fuel rods and radioactive waste (during and after operation), for decommissioning and dismantling nuclear power plants, and for costs pertaining to post-operation obligations and fuel in the last reactor core which can no longer be used. Provisions were compounded using an interest rate of 3.5%.

Provisions were reduced by a net CHF 163.6 million, reflecting cost elements and uncertainties that were not factored into the 2011 cost study and the extension of the depreciation period assumed for the Beznau nuclear power plant from 50 to 60 years. This change in accounting estimate was recognised in accordance with IFRIC 1 in the provisions for nuclear waste disposal and in the same amount in the related assets under property, plant and equipment (see Note 16 "Property, plant and equipment") and did not affect net income.

Provision for "Onerous energy procurement contracts"

The provision of CHF 504.2 million for "Onerous energy procurement contracts" covers identifiable losses from the procurement of electricity from power-generation plants and from long-term supply contracts. This is calculated using the discounted cash flow method. The discount rate is based on a weighted average cost of capital (WACC) determined according to the capital asset pricing model (CAPM). The parameters used were defined according to the risk profile of the cash-generating unit in question. The period taken into account covers the entire term of the concession and operation of the power plant or the term of the supply contracts. Significant parameters include expected market price developments in the supply and trading market, which by their nature are subject to major uncertainty, the budgeted figures for pro rata procurement costs and the interest rate situation. A net amount of CHF 324.7 million was recognised in the provision "Onerous energy procurement contracts" in the 2013/14 reporting year. The provision of CHF 342.5 million was primarily created to take account of future expected energy prices. The reversal of the provision of CHF 17.8 million is related to the updating of annual costs and energy volumes. The use of the provision for "Onerous energy procurement contracts" led to a reduction of CHF 34.4 million in energy procurement costs (previous year restated: CHF 42.2 million). The interest on the provision for onerous procurement contracts was CHF 6.3 million in the year under review (previous year restated: CHF 4.8 million).

"Other provisions"

In May 2009, the Swiss Federal Electricity Commission (ElCom) initiated proceedings against CKW AG in respect to verifying the correctness of grid usage and electricity tariffs for 2008/09. Following a five-year proceeding, ElCom issued a ruling in autumn 2014 in which it recognised the grid usage tariffs of CKW AG. With regard to electricity tariffs, ElCom issued a partial ruling on 15 April 2013, to the effect that it did not fully recognise the production costs declared by CKW AG in conjunction with the development and expansion of production capacity and administrative and sales overheads. CKW takes the view that these costs may be taken into account and that the associated tariff calculation was carried out correctly. Due to the far-reaching nature of the decision, CKW lodged an appeal against this partial ruling with the Federal Administrative Court. The Axpo Group recorded a provision of CHF 22.4 million for this proceeding in its balance sheet as at 30 September 2014. The provision is recognised in the CKW segment.

The "Other provisions" item also includes personnel obligations of CHF 19.9 million (previous year: CHF 18.3 million), provisions for certificates of CHF 25.1 million (previous year: CHF 39.7 million), provisions for a VAT subsequent payment in Italy of CHF 59.8 million and other operating liabilities.

33 | Other liabilities (current)

CHF m	30.9.2014	30.9.2013 restated
Accrued expenses and deferred income (non-financial instruments)	194.3	222.1
Accrued expenses and deferred income (financial instruments)	61.2	56.1
Operating expenses not yet invoiced	1 561.9	1 787.4
Advance payments by customers	62.4	78.9
Other (financial instruments)	136.8	91.0
Other (non-financial instruments)	88.5	82.8
Total	**2 105.1**	**2 318.3**

Accrued expenses and deferred income primarily consist of accruals for electricity purchases, both in traditional energy business and energy trading. Trade receivables from customers who are simultaneously suppliers are set off against trade payables, provided a netting arrangement has been agreed. The netted receivables and payables included in trade receivables and in revenues not yet invoiced and operating expenses not yet invoiced amount to CHF 1,359.3 million (previous year: CHF 1,483.9 million, see Note 24 "Trade receivables" and Note 26 "Other receivables").

34 | Employee benefits

The Axpo Group operates pension plans in accordance with national legislation in each country. Most companies belong to the PKE-CPE Vorsorgestiftung Energie pension foundation, a legally independent pension fund which qualifies as a defined-benefit plan under IAS 19. There are also defined-contribution plans.

The PKE-CPE Vorsorgestiftung Energie is a foundation and pension fund under the Swiss Civil Code (ZGB) and the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). The purpose of the foundation is occupational pension provision in accordance with the BVG and its implementing ordinances, protecting the employees of the member companies and the family and survivors of such employees against the financial consequences of old age, invalidity and death. The foundation is an independent and all-inclusive pension fund, and the contributions and benefits exceed the minimum legal requirements. The foundation board is the supreme executive foundation body of PKE-CPE Vorsorgestiftung Energie, is composed of an equal number of employee and employer representatives, and constitutes itself. The regulations governing the pension fund and the organisational regulations define the benefits provided by PKE-CPE Vorsorgestiftung Energie and their financing, organisation and administration, and the relationship with the member companies and the active insured members and pension recipients.

The employer and employee contributions are defined as a percentage of the insured salary. The old-age pension is determined by the amount of pension assets held at the time when the pension is drawn multiplied by the conversion factor defined in the regulations. The employee may draw the pension entitlement as a lump sum of capital. The invalidity pension and spouse's pension are defined as a percentage of the insured salary. The assets are invested by the PKE-CPE Vorsorgestiftung Energie group foundation for all the member companies, which are jointly liable. The foundation board is responsible for the investment of the pension assets. The organisation of investment activity and the related competencies are specified in the investment regulations and investment strategy. The pension fund bears the actuarial and technical investment risks itself. The investments are made such that the benefits can be paid when they come due.

In the event of a funding gap, the foundation board, in collaboration with a recognised expert in occupational pension provision, implements measures suitable to restore full coverage. If necessary, the interest rate applied to the pension assets, the financing and the benefits in excess of the minimum requirement under BVG may be modified to bring them into line with the funds available. If other measures are not successful to restore full coverage, PKE-CPE Vorsorgestiftung Energie may require the employer to make contributions for the purpose of remedying the shortfall until the cover is once again sufficient.

Benefit obligations in the balance sheet

CHF m	2013/14	2012/13 restated
Present value of benefit obligations as at 30.9.	2 500.0	2 275.0
Fair value of plan assets as at 30.9.	2 328.2	2 228.9
Deficit at 30.9.	171.8	46.1
Net defined benefit liability as at 30.9.	**171.8**	**46.1**
thereof recognised as separate asset	0.0	0.0
thereof recognised as separate liability (Note 31)	171.8	46.1

Pension costs in the income statement

CHF m	2013/14	2012/13 restated
Current service cost	56.1	60.3
Past service cost	0.0	–65.9
Interest expense on defined benefit obligation	49.3	47.5
Interest income on plan assets	–48.4	–40.8
Administration cost excluding cost for managing plan assets	1.1	1.2
Pension cost for the period in profit or loss (Note 11)	**58.1**	**2.3**
thereof service cost and administration cost	57.2	–4.4
thereof net interest cost	0.9	6.7

Pension costs in other comprehensive income

CHF m	2013/14	2012/13 restated
Actuarial loss / (gain) on defined benefit obligation	245.6	−99.3
Return on plan assets excluding interest income	−111.9	−140.1
Others	0.5	0.0
Pension cost for the period in the statement of comprehensive income	**134.2**	**−239.4**

Change in benefit obligations reported in the balance sheet

CHF m	2013/14	2012/13 restated
Benefit obligations as at 1.10.	46.1	331.5
Pension cost for the period in profit or loss	58.1	2.3
Pension cost for the period in the statement of other comprehensive income	134.2	−239.4
Employer contributions	−66.6	−47.3
Others	0.0	−1.0
Benefit obligation as at 30.9.	**171.8**	**46.1**

Change in the present value of benefit obligations

CHF m	2013/14	2012/13 restated
Present value of benefit obligations as at 1.10.	2 275.0	2 355.1
Interest expense on benefit obligations	49.3	47.5
Current service cost	56.1	60.3
Employer contributions	29.0	26.9
Benefits paid	−158.7	−49.7
Past service cost	0.0	−65.9
Administration cost excluding asset management cost	1.1	1.2
Others	2.6	−1.1
Actuarial losses / (gains)	245.6	−99.3
Present value of benefit obligations as at 30.9.	**2 500.0**	**2 275.0**

Breakdown of benefit obligations

CHF m	2013/14	2012/13 restated
Present value of benefit obligations as at 30.9. for active members	1 310.0	1 172.5
Present value of benefit obligations as at 30.9. for pensioners	1 190.0	1 102.5

Actuarial gains/losses on benefit obligations

CHF m	2013/14	2012/13 restated
Actuarial (gains)/losses on benefit obligations from		
changes in financial assumptions	180.1	−48.0
changes in demographic assumptions	−0.2	9.7
experience adjustments	65.7	−61.0
Actuarial (gains)/losses on benefit obligations	**245.6**	**−99.3**

Change in the fair value of plan assets

CHF m	2013/14	2012/13 restated
Fair value of plan assets as at 1.10.	2 228.9	2 023.6
Interest income on plan assets	48.4	40.8
Employer contributions	66.6	47.3
Employee contributions	29.0	26.9
Benefits paid	–158.7	–49.7
Others	2.1	–0.1
Return on plan assets excluding interest income	111.9	140.1
Fair value of plan assets as at 30.9.	**2 328.2**	**2 228.9**

Actuarial assumptions

	2013/14	2012/13 restated
Discount rate (in %)	1.5	2.2
Future salary increase (in %)	2.0	2.0
Future pension increases (in %)	0.0	0.0

The calculation of life expectancy for the Swiss pension plans is based on the BVG 2010 generation tables.

Sensitivities of the key actuarial assumptions

The calculation of the pension liabilities is especially sensitive to changes in the discount rate, assumptions regarding salary trends and changes in life expectancy. The discount rate was reduced by 0.25% and the expected salary change was increased by the same figure. Sensitivity to mortality rates was calculated by reducing/raising the mortality rate by a fixed factor such that the life expectancy for the majority of age categories was raised/reduced by approximately one year. The following table summarises the effects that changing these assumptions has on the present value of the benefit obligations:

CHF m	30.9.2014	30.9.2013 restated
Discount rate (–0.25% change)	2 592.2	2 353.0
Discount rate (+0.25% change)	2 413.6	2 201.8
Salary increase (–0.25% change)	2 493.6	2 269.8
Salary increase (+0.25% change)	2 506.5	2 280.4
Life expectancy (–1 year change)	2 425.7	2 231.8
Life expectancy (+1 year change)	2 572.6	2 321.7

Estimate of employer and employee contributions for subsequent periods

CHF m	2013/14	2012/13 restated
Expected employer contributions	53.1	67.2
Expected employee contributions	27.8	27.8

Investment structure of plan assets

CHF m	30.9.2014	30.9.2013 restated
Cash and cash equivalents	97.8	82.0
Equity instruments	924.3	914.8
Debt instruments	770.6	751.6
Real estate	174.9	145.4
Others	86.1	73.7
Total plan assets at fair value (quoted market price)	**2 053.7**	**1 967.5**
Real estate	274.4	261.4
Total plan assets at fair value (non-quoted market price)	**274.4**	**261.4**
Total plan assets at fair value	**2 328.1**	**2 228.9**
thereof entity's own transferrable financial instruments	0.0	0.0
thereof properties occupied or other assets used by the entity	0.0	0.0

Maturity profile of benefit obligations

CHF m	2013/14	2012/13 restated
Weighted average duration of benefit obligation in years	14.3	13.4

Change in reimbursement entitlements

As in the previous year, there are no reimbursement entitlements.

With regard to estimation uncertainties regarding the pension plans, please refer to Note 5 "Estimation uncertainties" and the "Pension plan" section.

At the end of 2012, PKE Vorsorgestiftung Energie agreed to structural measures aimed at safeguarding the financial stability of the fund. These included lowering the technical interest rate from 3.5% to 2.5% and reducing the conversion rates. As a result, the Axpo Group is raising the ordinary retirement age to 65 years with effect from 1 January 2014 and making a one-off contribution for older employees as partial compensation for the lower conversion rates.

According to the actuarial calculation, the changes have resulted in a reduction of CHF 65.9 million in the past service cost in the 2012/13 financial year (restated).

35 | Transactions with related parties

Based on their shareholdings, the Canton of Zurich (18.3%), Electricity Utilities of the Canton of Zurich (18.4%), the Canton of Aargau (14.0%) and AEW Energie AG (14.0%) exert a significant influence over the Axpo Group. Transactions involving these shareholders and other important companies controlled by them are disclosed under "Shareholders".

An overview of the partner plants and other associates is given in Note 40 "Investments". Other related parties refer to transactions between the Group and the PKE-CPE Vorsorgestiftung Energie (see Note 34 "Employee benefits"). With the exception of regular payments, no transactions were effected between the Axpo Group, members of the Board of Directors, members of the Executive Board and other key parties.

The principal terms and conditions governing relationships with related parties are explained under "Intragroup transactions" in Note 3 "Consolidation principles".

2013/14
Transactions between the Axpo Group and related parties:

CHF m	Shareholders	Partner plants	Associates	Other related parties
Revenues				
Sales from energy and grid usage	955.0	35.2	281.7	0.1
Other operating income	0.0	7.0	10.4	0.0
Operating expenses				
Energy procurement, grid usage and cost of goods	75.2	–860.6	–198.3	0.0
Materials and third-party supplies	–0.8	–0.3	–1.6	0.0
Personnel expenses	0.0	0.0	0.0	–58.1
Other operating expenses	–5.5	0.2	–2.0	–0.1
Financial result				
Financial income	8.7	5.7	22.2	0.1
Financial expenses	–11.8	–2.2	0.6	0.0
Income tax expense	–31.5	0.0	0.0	0.0

Open positions with related parties at the balance sheet date:

CHF m	Shareholders	Partner plants	Associates	Other related parties
Non-current assets				
Positive replacement values	21.5	0.6	17.2	0.0
Other financial assets	40.0	109.6	539.4	0.7
Current assets				
Assets held for sale	0.0	8.1	0.0	0.0
Trade receivables	37.9	24.4	20.6	–2.1
Financial receivables	75.0	123.4	112.6	0.0
Positive replacement values	5.8	0.9	2.8	0.0
Other receivables	38.9	104.6	21.8	0.1
Cash and cash equivalents	750.2	0.0	14.0	0.0
Liabilities (non-current)				
Financial liabilities	58.0	0.0	0.0	2.0
Negative replacement values	0.6	0.0	4.7	0.0
Other liabilities	19.0	18.0	64.3	171.8
Liabilities (current)				
Trade payables	2.5	11.9	16.1	0.9
Financial liabilities	8.0	249.1	6.1	1.4
Current tax liabilities	16.0	0.0	0.0	0.0
Negative replacement values	1.2	0.3	3.4	0.0
Other liabilities	17.2	257.6	9.2	5.7

2012/13 (restated)
Transactions between the Axpo Group and related parties:

CHF m	Shareholders	Partner plants	Associates	Other related parties
Revenues				
Sales from energy and grid usage	799.4	14.5	214.9	0.0
Other operating income	2.1	5.5	74.0	0.0
Operating expenses				
Energy procurement, grid usage and cost of goods	1.1	–840.0	–187.7	0.0
Materials and third-party supplies	–0.8	–4.5	–2.6	0.0
Personnel expenses	0.0	0.0	0.0	–2.4
Other operating expenses	–1.3	0.7	–0.3	–0.1
Financial result				
Financial income	6.7	5.4	17.7	0.0
Financial expenses	–37.3	–2.2	–0.9	0.0
Income tax expense	–24.6	0.0	0.0	0.0

Open positions with related parties at the balance sheet date:

CHF m	Shareholders	Partner plants	Associates	Other related parties
Non-current assets				
Positive replacement values	6.4	0.1	11.5	0.0
Other financial assets	0.0	110.5	528.1	0.7
Current assets				
Trade receivables	33.7	13.6	15.9	0.0
Financial receivables	50.0	47.0	5.2	0.0
Positive replacement values	2.4	0.1	6.2	0.0
Other receivables	39.5	114.8	45.9	0.0
Cash and cash equivalents	616.0	0.0	8.0	0.0
Liabilities (non-current)				
Financial liabilities	246.0	0.0	0.0	2.0
Negative replacement values	0.0	0.0	1.5	0.0
Other liabilities	0.0	51.8	3.5	46.1
Liabilities (current)				
Trade payables	1.8	6.0	23.0	0.0
Financial liabilities	6.0	170.9	0.4	0.0
Current tax liabilities	14.9	0.0	0.0	0.0
Negative replacement values	0.0	0.5	8.3	0.0
Other liabilities	37.1	244.9	20.4	3.6

Remuneration to the Board of Directors and Executive Board

CHF m	2013/14	2012/13
Board of Directors		
Current remuneration	1.3	1.2
Total	**1.3**	**1.2**
Executive Board		
Current remuneration	3.5	3.4
Pension fund contributions	0.8	0.7
Total	**4.3**	**4.1**

No share-based payments, severance payments or other long-term benefit payments were made to the members of the Board of Directors or the Executive Board. For further details, please refer to Note 21 "Remuneration paid to the Board of Directors and Executive Board" (pursuant to Art. 665 CO) of the separate financial statements of Axpo Holding AG.

36 | Pledged assets

CHF m	30.9.2014	30.9.2013
Property, plant and equipment	1 021.8	1 037.5
Other	206.3	288.1
Total	**1 228.1**	**1 325.6**

The majority of the pledged property, plant and equipment is related to construction of the gas-fired combined-cycle power plants in Italy.

37 | Contingent liabilities

CHF m	30.9.2014	30.9.2013 restated
Guarantees	168.1	36.6
Sureties	264.1	274.2
Total	**432.2**	**310.8**

Guarantees and comfort letters within the Axpo Group are only disclosed in the separate statements of the company that granted them.

In the 1997/98 and 1998/99 financial years, Albula-Landwasser Kraftwerke AG and Misoxer Kraftwerke AG concluded financial transactions to lease out their facilities long-term and simultaneously lease them back (lease-and-lease-back transactions). In connection with these transactions, assurance was given to American investors that all contractual obligations arising from these transactions would be guaranteed. The risk from these transactions is secured by appropriate provisions at the companies mentioned. Since the risk declines over the term of the transactions, these provisions are reversed on a straight-line basis.

Further contingent liabilities

In the event of a claim, power plant operators who are affiliated to the European EMANI insurance pool must pay a contractually defined additional contribution corresponding to six annual premiums. In the case of the Axpo Group, this equates to around CHF 1.6 million (previous year: CHF 1.6 million).

Owners of nuclear power plants have a limited subsequent payment obligation to the Decommissioning and Waste Disposal Fund in the event that one of the primary obligated parties is unable to meet its payment obligations.

The Axpo Group entered into fixed delivery and purchase obligations of multi-year duration totalling CHF 186.1 million (previous year: CHF 380.4 million) relating to the manufacture of fuel rods and to capital expenditure and maintenance work on its own plants. There are also long-term contracts and obligations for the reprocessing as well as the interim and permanent storage of nuclear waste. Provisions have been established for these. With regard to Zwilag Zwischenlager Würenlingen AG, the Axpo Group has undertaken to pay its respective share of annual costs, including interest and repayment of loans. These are standard obligations for operators of nuclear power plants.

There is also an ongoing investigation concerning CO_2 certificate transactions in Spain, the risk of which is assessed as low by the Axpo Group. The Axpo Group is involved in several other legal disputes related to its ordinary business activities.

For obligations in connection with partner plants, please refer to Note 18 "Ownership interests in partner plants and other associates".

38 | Operating leases

CHF m	30.9.2014	30.9.2013
Leasing liabilities up to 1 year	6.6	4.2
Leasing liabilities between 2 and 5 years	19.9	25.6
Leasing liabilities more than 5 years	0.6	0.8
Total	**27.1**	**30.6**
Leasing expense current period	6.3	7.1

The tables show the expiry dates of future leasing liabilities. Operating leases consist mainly of lease agreements for office premises, IT hardware and maintenance. The lease agreements for offices have extension options.

39 | Events after the balance sheet date

At the end of October 2014 an agreement was reached with one counterparty on the settlement of past losses from an energy procurement contract totalling USD 59.5 million.

There are no further events after the balance sheet date to be disclosed.

40 | Investments

	Domicile	End of financial year	Currency	Regis-tered capital m	Share of votes in % [1]	Share of capital in % [2]	Purpose
Fully consolidated companies							
Axpo Grid AG	Baden	30.9.	CHF	0.1	100.0	100.0	N
Axpo Informatik AG	Baden	30.9.	CHF	0.1	62.7	62.7	D
Axpo Informatica S.r.l.	Genoa (IT)	30.9.	EUR	0.03	100.0	100.0	D
Axpo Power AG	Baden	30.9.	CHF	360.0	100.0	100.0	P
Axpo Genesys AG	Opfikon	30.9.	CHF	0.5	100.0	100.0	S
Axpo Holz + Energie AG	Opfikon	30.9.	CHF	3.6	100.0	100.0	P
Axpo Tegra AG	Domat/Ems	30.9.	CHF	2.1	100.0	100.0	P
Axpo Hydro Surselva AG	Domat/Ems	30.9.	CHF	0.1	100.0	100.0	P
Axpo Kleinwasserkraft AG	Opfikon	30.9.	CHF	11.0	100.0	100.0	P
Axpo Kompogas AG	Opfikon	30.9.	CHF	30.3	100.0	100.0	P
Axpo Kompogas Engineering AG [3]	Opfikon	30.9.	CHF	2.5	100.0	100.0	S
Axpo Kompogas Samstagern AG	Richterswil	30.9.	CHF	2.0	75.1	75.1	P
Axpo Kompogas Wauwil AG	Wauwil	30.9.	CHF	3.5	88.6	88.6	P
Fricompost Freiburgische Grünentsorgungsgesellschaft AG	Hauterive	30.9.	CHF	0.5	100.0	100.0	S
Green Power Uri AG	Altdorf	30.9.	CHF	2.0	20.0	20.0	P
Kompogas Utzenstorf AG	Utzenstorf	30.9.	CHF	2.3	59.3	59.3	P
Kompogas Winterthur AG	Opfikon	30.9.	CHF	4.0	52.0	52.0	P
Axpo Suisse AG	Zurich	30.9.	CHF	3.0	100.0	100.0	V
Kraftwerk Eglisau-Glattfelden AG	Glattfelden	30.9.	CHF	20.0	100.0	100.0	P
Kraftwerke Ilanz AG	Ilanz	30.9.	CHF	50.0	85.0	85.0	P
Kraftwerke Linth-Limmern AG	Glarus Süd	30.9.	CHF	350.0	85.0	85.0	P
Kraftwerke Sarganserland AG	Pfäfers	30.9.	CHF	50.0	98.5	98.5	P
Kraftwerke Vorderrhein AG	Disentis	30.9.	CHF	80.0	81.5	81.5	P
RESAG (Renewable Energies Switzerland) AG	Muttenz	30.9.	CHF	0.1	68.0	68.0	S
Axpo Services AG	Baden	30.9.	CHF	0.1	100.0	100.0	D
Axpo Trading AG	Dietikon	30.9.	CHF	132.0	100.0	100.0	V
Albula-Landwasser Kraftwerke AG	Filisur	30.9.	CHF	22.0	75.0	75.0	P
Axpo Albania sh.a.	Tirana (AL)	30.9.	ALL	19.2	100.0	100.0	V
Axpo BH d.o.o	Sarajevo (BA)	31.12.	BAM	1.0	100.0	100.0	V
Axpo d.o.o. Beograd	Belgrade (RS)	30.9.	CSD	49.3	100.0	100.0	V
Axpo Finance Luxembourg S.à r.l.	Luxembourg (LU)	30.9.	EUR	0.03	100.0	100.0	D
Axpo International SA	Luxembourg (LU)	30.9.	EUR	2.6	90.0 [4]	90.0 [4]	H
Axpo Austria GmbH	Vienna (AT)	30.9.	EUR	0.04	100.0	100.0	V
Axpo Benelux SA [5]	Brussels (BE)	30.9.	EUR	0.5	100.0	100.0	V
Axpo Bulgaria EAD	Sofia (BG)	31.12.	BGN	9.0	100.0	100.0	V
Axpo Deutschland GmbH	Leipzig (DE)	30.9.	EUR	3.5	100.0	100.0	V
Axpo New Energy GmbH	Düsseldorf (DE)	30.9.	EUR	0.03	100.0	100.0	V

	Domicile	End of financial year	Currency	Registered capital m	Share of votes in % [1]	Share of capital in % [2]	Purpose
Fully consolidated companies							
Axpo Energy Romania S.A.	Bucharest (RO)	30.9.	RON	3.2	100.0	100.0	V
Axpo France SAS [3]	Paris (FR)	30.9.	EUR	0.1	100.0	100.0	V
Axpo Gen Hellas S.A.	Athens (GR)	30.9.	EUR	0.8	100.0	100.0	I
Axpo Hellas S.A.	Athens (GR)	30.9.	EUR	0.3	100.0	100.0	V
Axpo Hungary Kft.	Budapest (HU)	30.9.	HUF	190.4	99.7 [6]	99.7 [6]	V
Axpo Hydro France SAS	Paris (FR)	30.9.	EUR	0.1	100.0	100.0	H
Axpo Iberia S.L.	Madrid (ES)	30.9.	EUR	0.5	100.0	100.0	V
Axpo Tunisia S.L.	Tunis (TN)	30.9.	TND	0.2	100.0	100.0	V
Axpo Italia S.p.A.	Genoa (IT)	30.9.	EUR	3.0	100.0	100.0	V
Axpo Gas Italia Service S.r.l.	Genoa (IT)	30.9.	EUR	0.1	100.0	100.0	V
Energy Plus S.p.A.	Genoa (IT)	30.9.	EUR	0.3	100.0	100.0	I
Axpo Polska Sp.z.o.o.	Warsaw (PL)	30.9.	PLZ	1.3	100.0	100.0	V
Axpo Renewables France SAS	Lyon (FR)	30.9.	EUR	17.2	100.0	100.0	H
Axpo CKW France SAS [3]	Lyon (FR)	30.9.	EUR	28.5	60.0	60.0	H
Compagnie des Energies Renouvelables Villiers le Pré SARL	Paris (FR)	31.12.	EUR	0.1	100.0	100.0	H
Parc éolien de St Riquier 2 SAS	Paris (FR)	31.12.	EUR	0.2	100.0	100.0	P
Parc éolien Plaine Dynamique SARL	Paris (FR)	31.12.	EUR	0.02	100.0	100.0	P
Axpo UK Limited	London (GB)	30.9.	GBP	9.5	100.0	100.0	V
Axpo UK Trading Limited	London (GB)	30.9.	GBP	0.2	100.0	100.0	V
Calenia Energia S.p.A.	Genoa (IT)	30.9.	EUR	0.1	85.0	85.0	P
FREA Axpo OOD	Sofia (BG)	31.12.	BGN	0.6	100.0	100.0	V
Rizziconi Energia S.p.A.	Genoa (IT)	30.9.	EUR	0.5	100.0	100.0	P
WinBis S.r.l.	Genoa (IT)	30.9.	EUR	0.1	100.0	100.0	I
Energie Rinnovabili	Naples (IT)	30.9.	EUR	0.02	49.0	49.0	I
Axpo Kosovo L.L.C.	Pristina (KOS)	31.12.	EUR	0.1	100.0	100.0	V
Axpo MK dooel Skopje	Skopje (MK)	31.12.	MKD	6.1	100.0	100.0	V
Axpo Nordic AS	Oslo (NO)	30.9.	NOK	58.0	100.0	100.0	V
Axpo Finland Oy	Helsinki (FI)	30.9.	EUR	0.3	100.0	100.0	V
Axpo Sverige AB	Malmö (SE)	30.9.	SEK	52.0	100.0	100.0	V
Axpo Trgovina d.o.o	Zagreb (HR)	30.9.	HRK	0.8	100.0	100.0	V
Energia de la Zarza S.L.	Madrid (ES)	30.9.	EUR	0.1	100.0	100.0	I
Centralschweizerische Kraftwerke AG [7]	Lucerne	30.9.	CHF	3.0	81.0	81.0	V
Axpo CKW France SAS [3]	Lyon (FR)	30.9.	EUR	28.5	40.0	40.0	H
CKW Conex AG	Lucerne	30.9.	CHF	1.0	100.0	100.0	D
Deschwanden Büchel AG	Stans	30.9.	CHF	0.1	100.0	100.0	D
Telcom AG	Stansstad	30.9.	CHF	0.2	100.0	100.0	D
CKW Fiber Services AG	Lucerne	30.9.	CHF	2.7	100.0	100.0	D
Elektrizitätswerk Altdorf AG	Altdorf	30.9.	CHF	20.0	62.2	62.2	V
ComDataNet AG	Altdorf	30.9.	CHF	0.5	100.0	100.0	D
Green Power Uri AG	Altdorf	30.9.	CHF	2.0	51.0	51.0	P
Kraftwerk Bristen AG	Silenen	30.9.	CHF	1.4	60.0	60.0	P
Kraftwerk Schächental AG	Spiringen	30.9.	CHF	0.5	56.0	56.0	P
Elektrizitätswerk Schwyz AG	Schwyz	30.9.	CHF	3.0	89.9	89.9	V
SicuroCentral AG	Lucerne	30.9.	CHF	0.1	100.0	100.0	D
Steiner Energie AG	Malters	30.9.	CHF	0.5	100.0	100.0	V

Company's business activities:
D = Services H = Holding I = Project company N = Grid P = Production
V = Energy supply and trading S = Other

For an explanation of the footnotes see page 84.

	Domicile	End of financial year	Currency	Registered capital m	Share of votes in % [1]	Share of capital in % [2]	Purpose
Relevant equity-consolidated partner plants							
AG Kraftwerk Wägital	Schübelbach	30.9.	CHF	15.0	50.0	50.0	P
AKEB Aktiengesellschaft für Kernenergie-Beteiligungen Luzern	Lucerne	31.12.	CHF	90.0	46.0 [8]	41.4 [8]	P
Argessa AG	Ergisch	30.9.	CHF	10.0	35.0	35.0	P
Blenio Kraftwerke AG	Blenio	30.9.	CHF	60.0	17.0	17.0	P
Electra-Massa AG	Naters	31.12.	CHF	20.0	13.8	13.8	P
Elektrizitätswerk Rheinau AG	Rheinau	30.9.	CHF	20.0	50.0	50.0	P
ENAG Energiefinanzierungs AG	Schwyz	31.12.	CHF	100.0	75.0 [8]	58.1 [8]	P
Engadiner Kraftwerke AG	Zernez	30.9.	CHF	140.0	30.0	30.0	P
Etrans AG	Laufenburg	31.12.	CHF	7.5	42.3	42.3	N
Grande Dixence SA	Sion	31.12.	CHF	300.0	13.3	13.3	P
Kernkraftwerk Gösgen-Däniken AG	Däniken	31.12.	CHF	350.0 [10]	37.5 [8]	36.0 [8]	P
Kernkraftwerk Leibstadt AG	Leibstadt	31.12.	CHF	450.0	52.7 [8]	34.6 [8][9]	P
Kernkraftwerk-Beteiligungsgesellschaft AG	Berne	31.12.	CHF	150.0	33.3	33.3	P
Kraftwerk Aegina AG	Obergoms	30.9.	CHF	12.0	50.0	50.0	P
Kraftwerk Göschenen AG	Göschenen	30.9.	CHF	60.0	50.0	50.0	P
Kraftwerk Reckingen AG	Küssaberg (DE)	31.12.	EUR	1.2	20.0	20.0	P
Kraftwerk Rupperswil-Auenstein AG	Aarau	30.9.	CHF	12.0	45.0	45.0	P
Kraftwerk Ryburg-Schwörstadt AG	Rheinfelden	30.9.	CHF	30.0	13.5	13.5	P
Kraftwerk Sarneraa AG	Alpnach	30.9.	CHF	2.0	18.0	18.0	P
Kraftwerk Schaffhausen AG	Schaffhausen	30.9.	CHF	10.0	30.0	30.0	P
Kraftwerk Tschar AG	Obersaxen	30.9.	CHF	2.0	51.0	51.0	P
Kraftwerk Wassen AG	Wassen	30.9.	CHF	16.0	40.0	40.0	P
Kraftwerke Hinterrhein AG	Thusis	30.9.	CHF	100.0	19.5	19.5	P
Kraftwerke Mattmark AG	Saas-Grund	30.9.	CHF	90.0	66.7 [8]	58.3 [8]	P
Kraftwerke Mauvoisin AG	Sion	30.9.	CHF	100.0	68.3	68.3	P
Kraftwerke Zervreila AG	Vals	31.12.	CHF	50.0	21.6	21.6	P
Lizerne et Morge SA	Sion	31.03.	CHF	10.0	50.0	50.0	P
Maggia Kraftwerke AG	Locarno	30.9.	CHF	100.0	30.0	30.0	P
Rheinkraftwerk Albbruck-Dogern AG	Waldshut (DE)	31.12.	EUR	27.8	5.0	5.0	P
Rheinkraftwerk Neuhausen AG	Neuhausen	31.12.	CHF	1.0	40.0	40.0	P
Rheinkraftwerk Säckingen AG	Säckingen (DE)	31.12.	EUR	5.0	25.0	25.0	P

For an explanation of the footnotes see page 84.

	Domicile	End of financial year	Currency	Regis-tered capital m	Share of votes in % [1]	Share of capital in % [2]	Purpose
Relevant equity-consolidated associates							
BiEAG Biomasse Energie AG	Hünenberg	30.9.	CHF	5.4	40.4	74.1	P
BV Kompostieranlage Oensingen AG	Oensingen	30.9.	CHF	0.3	50.0	50.0	P
Centrale Eolienne Canet – Pont de Salars SAS	Paris (FR)	31.12.	EUR	0.1	49.0	49.0	P
Centrale Eolienne Gueltas Noyal-Pontivy SAS	Paris (FR)	31.12.	EUR	2.26	49.0	49.0	P
Centrale Eolienne Patay SAS	Paris (FR)	31.12.	EUR	1.6	49.0	49.0	P
Centrale Eolienne Saint Barnabé SAS	Paris (FR)	31.12.	EUR	1.6	49.0	49.0	P
Centrale Eolienne Ségur SAS	Paris (FR)	31.12.	EUR	1.6	49.0	49.0	P
Compagnie Concessionnaire des Eaux de France-Ossau SAS	Paris (FR)	31.12.	EUR	0.04	50.0	50.0	D
Demirören Axpo Enerji Toptan Ticaret A.S.	Istanbul (TR)	30.9.	TRL	4.6	50.0	50.0	V
Demirören EGL Gaz Toptan Ticaret A.S.	Istanbul (TR)	31.12.	TRL	3.4	50.0	50.0	V
EBS+EWS Elektrosicherheit GmbH	Schwyz	31.12.	CHF	0.1	50.0	50.0	S
Elektrizitätswerk des Kantons Schaffhausen AG	Schaffhausen	31.12.	CHF	20.0	25.0	25.0	V
Eolienne de Saugueuse S.à r.l.	Paris (FR)	31.12.	EUR	0.001	49.0	49.0	P
Féréole SAS	Acy Romanie (FR)	30.6.	EUR	1.8	100.0	100.0	P
GeoEnergie Taufkirchen GmbH & Co. KG	Grünwald (DE)	31.12.	EUR	52.0	35.0	35.0	I
Global Tech I Offshore Wind GmbH	Hamburg (DE)	31.12.	EUR	1.0	24.1	24.1	I
Grischelectra AG	Chur	30.9.	CHF	1.0 [10]	20.0	20.0	V
Kompogas Bioriko AG	Klingnau	30.9.	CHF	0.1	50.0	50.0	P
KW Seedorf AG	Seedorf	30.9.	CHF	1.0	20.0	20.0	P
Litecom AG	Aarau	30.9.	CHF	1.3	27.0	27.0	D
NIS AG	Emmen	31.12.	CHF	1.0 [10]	25.0	25.0	S
Ökopower AG	Ottenbach	31.12.	CHF	0.5	50.0	50.0	S
Parc Eolien de Varimpré SAS	Paris (FR)	31.12.	EUR	0.04	49.0	49.0	P
Parc Eolien des Vatines SAS	Paris (FR)	31.12.	EUR	0.8	49.0	49.0	P
Parc Eolien du Clos Bataille SAS	Paris (FR)	31.12.	EUR	0.4	49.0	49.0	P
Parque Eólico la Peñuca S.L.	Ponferrada (ES)	31.12.	EUR	3.3	46.0	46.0	P
Realta Biogas AG	Cazis	30.9.	CHF	0.7	41.7	41.7	P
Repower AG	Brusio	31.12.	CHF	3.4	33.7	27.5	V
Società EniPower Ferrara S.r.l.	San Donato Milanese (IT)	31.12.	EUR	170.0	49.0	49.0	I
Sogesa SA	Le Chable	30.9.	CHF	2.0	30.0	30.0	V
SV Kompostieranlage Bellach AG	Bellach	30.9.	CHF	0.1	50.0	50.0	S
Swissgrid AG	Laufenburg	31.12.	CHF	275.7	37.7	37.7	N
Terravent AG	Dietikon	30.9.	CHF	15.0	25.0	25.0	S
Trans Adriatic Pipeline AG	Baar	31.12.	CHF	274.3	5.0	5.0	I
Zwilag Zwischenlager Würenlingen AG	Würenlingen	31.12.	CHF	5.0	24.3	24.3	S

For an explanation of the footnotes see the following page.

Explanation of footnotes

1)	Direct legal share of voting rights
2)	Direct share of capital (including sub-participations)
3)	Formation in financial year 2013/14
4)	Axpo International SA: Axpo Finance Luxembourg S.à r.l., Luxembourg (LU), holds a direct share of 10%.
5)	Axpo Benelux SA: Change of company name (former Axpo France and Benelux SA)
6)	Axpo Hungary Kft.: Axpo Trading AG holds a direct share of 0.3%.
7)	Centralschweizerische Kraftwerke AG: Registered shares with a nominal value of CHF 29,692 held as treasury shares
8)	Due to the disposal or acquisition of sub-holdings, the effective financially relevant equity interests in the partner plants deviates from the percentage of capital and voting rights held.
9)	The direct share of capital held by Axpo in Kernkraftwerk Leibstadt AG is 34.6%. Taking into account the 15% share of capital held by AKEB Aktiengesellschaft für Kernenergie-Beteiligungen Luzern in Kernkraftwerk Leibstadt AG, the indirect share of capital held by Axpo in Kernkraftwerk Leibstadt AG is 38.3%.
10)	of which paid in:

Grischelectra AG	CHF 0.2 m
Kernkraftwerk Gösgen-Däniken AG	CHF 290.0 m
NIS AG	CHF 0.8 m

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Report of the Statutory Auditor to the General Meeting of Shareholders of

Axpo Holding AG, Baden

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Axpo Holding AG, as presented on pages 6 to 84, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes for the year ended 30 September 2014.

Board of Directors' Responsibility
The board of directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 30 September 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

KPMG AG/SA, a Swiss corporation, is a subsidiary of KPMG Holding AG/SA, which is a member of the KPMG network of independent firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss legal entity.

Member of the Swiss Institute of Certified Accountants and Tax Consultants

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Lukas Marty *Licensed Audit Expert* *Auditor in Charge*	Daniel Haas *Licensed Audit Expert*

Zurich, 15 December 2014

Income statement of Axpo Holding AG

CHF m	Notes	2013/14	2012/13
Income			
Income from subsidiaries and associates	2	299.4	100.4
Income from services and licences		20.6	31.6
Financial income		148.3	100.7
Total income		**468.3**	**232.7**
Expenses			
Other operating expenses		10.1	15.3
Depreciation and amortisation	3	0.0	63.0
Financial expenses		188.7	170.4
Taxes		0.0	4.0
Total expenses		**198.8**	**252.7**
Result for the year		**269.5**	**–20.0**

Balance sheet of Axpo Holding AG

CHF m	Notes	30.9.2014	30.9.2013
Assets			
Cash and cash equivalents		1 263.0	2 184.1
Trade receivables	4	3.1	1.4
Current financial receivables	5	1 256.8	164.8
Other receivables, accrued income and prepaid expenses	6	41.3	25.7
Total current assets		**2 564.2**	**2 376.0**
Investments in subsidiaries and associates	7	3 989.0	4 041.5
Other financial assets	8	1 607.8	1 522.2
Non-current derivative financial assets	9	20.3	19.8
Total non-current assets		**5 617.1**	**5 583.5**
Total assets		**8 181.3**	**7 959.5**
Equity and liabilities			
Trade payables	10	0.0	2.0
Current financial liabilities	11	3 010.5	3 005.4
Other liabilities, accrued expenses and deferred income	12	63.6	34.1
Total current liabilities		**3 074.1**	**3 041.5**
Bonds	13	990.2	988.7
Loans payable	14	300.0	300.0
Non-current derivative financial liabilities	15	6.2	14.0
Total non-current liabilities		**1 296.4**	**1 302.7**
Share capital	16	370.0	370.0
General legal reserves (capital contribution reserve)		2 633.0	2 633.0
Free reserves		538.0	632.0
Accumulated profit/loss	17	269.8	–19.7
Total equity		**3 810.8**	**3 615.3**
Total equity and liabilities		**8 181.3**	**7 959.5**

Notes to the statutory financial statements of Axpo Holding AG

1 | Comments

The shareholders and associates of the Axpo Group are considered to be related parties pursuant to Art. 663a para. 4 of the Swiss Code of Obligations. The following notes also contain the information prescribed in Art. 663b of the Swiss Code of Obligations.

The presentation of the income statement and balance sheet (including the previous year) was modified to be consistent within the Axpo Group.

2 | Income from subsidiaries and associates

CHF m	2013/14	2012/13
Dividend income from:		
Electricity Utilities of the Canton Schaffhausen, Schaffhausen	1.6	1.2
Repower AG, Poschiavo	1.9	0.0
Axpo Power AG, Baden	270.0	75.6
Centralschweizerische Kraftwerke AG, Lucerne	21.6	21.6
Axpo Informatik AG, Baden	1.3	1.3
Third parties	3.0	0.7
Total	**299.4**	**100.4**

3 | Depreciation and amortisation

The capitalised additional value resulting from the merger with Watt AG was depreciated in full in the previous year. Thus, no further depreciations will apply going forward from the 2013/14 financial year.

4 | Trade receivables

CHF m	30.9.2014	30.9.2013
From related parties	3.1	1.4
Total	**3.1**	**1.4**

Receivables are recorded in the balance sheet at nominal value. Receivables in foreign currencies are valued at the prevailing exchange rate on the balance sheet date.

5 | Current financial receivables

CHF m	30.9.2014	30.9.2013
From related parties	261.8	114.8
From third parties	995.0	50.0
Total	**1 256.8**	**164.8**

This item includes loans granted with a term to maturity of less than twelve months. They are recorded in the balance sheet at nominal value.

6 | Other receivables, accrued income and prepaid expenses

CHF m	30.9.2014	30.9.2013
Current derivative financial instruments	33.8	17.6
Other receivables	3.8	3.8
Accrued income and prepaid expenses	3.7	4.3
Total	**41.3**	**25.7**
of which:		
From related parties	24.7	13.9
From third parties	16.6	11.8

Derivative financial instruments mainly consist of the positive replacement value of the currency forward contracts open on the balance sheet date. They serve to hedge foreign currency positions.

7 | Investments in subsidiaries and associates

Investments in subsidiaries and associates are recorded in the balance sheet at cost, subject to any necessary value adjustments required. The capitalised excess value resulting from the merger with Watt AG is being amortised over 10 years. The overview on pages 80 to 84 sets out the details of Axpo Holding AG's direct or indirect ownership interests in subsidiaries and associates.

8 | Other financial assets

CHF m	30.9.2014	30.9.2013
Loan receivables:		
From related parties	339.6	282.3
From third parties	90.0	110.0
Securities	1 178.2	1 129.9
Total	**1 607.8**	**1 522.2**

The term to maturity of the loans receivable is longer than twelve months. They are recorded in the balance sheet at nominal value. Securities consist mainly of collective investment instruments (bank in-house funds and investment funds) and are measured at the lower of cost or market value.

9 | Non-current derivative financial instruments

CHF m	30.9.2014	30.9.2013
To related parties	15.1	10.1
To third parties	5.2	9.7
Total	**20.3**	**19.8**

Derivative financial instruments mainly consist of the positive replacement value of the currency forward contracts open on the balance sheet date. They serve to hedge foreign currency positions.

10 | Trade payables

CHF m	30.9.2014	30.9.2013
To related parties	0.0	0.6
To third parties	0.0	1.4
Total	**0.0**	**2.0**

11 | Current financial liabilities

CHF m	30.9.2014	30.9.2013
To related parties	3 010.5	3 005.4
Total	**3 010.5**	**3 005.4**

This item includes loan liabilities due within less than twelve months and current account liabilities. They are recorded in the balance sheet at nominal value.

12 | Other liabilities, accrued expenses and deferred income

CHF m	30.9.2014	30.9.2013
Current derivative financial instruments	41.6	5.7
Other liabilities	4.8	0.2
Accrued expenses and deferred income	17.2	28.2
Total	**63.6**	**34.1**
of which:		
To related parties	43.3	32.5
To third parties	20.3	1.6

Derivative financial instruments consist of the negative replacement values of the currency forward contracts open on the balance sheet date. They serve to hedge foreign currency positions.

13 | Bonds

CHF m		30.9.2014	30.9.2013
Bonds outstanding at the balance sheet date:	Nominal value		
2.6250% bond 26.2.2010–26.2.2020	700.0	693.3	692.1
3.1250% bond 26.2.2010–26.2.2025	300.0	296.9	296.6
Total		**990.2**	**988.7**

The difference versus the nominal value corresponds to the costs paid for the issuance of the bonds less the premium. These costs are divided over the maturity of the bonds according to the effective interest method and charged to expenses.

14 | Loan liabilities

CHF m	30.9.2014	30.9.2013
Due dates:		
Remaining term to maturity 1–5 years	300.0	150.0
Remaining term to maturity more than 5 years	0.0	150.0
Total	**300.0**	**300.0**
of which:		
To related parties	300.0	300.0

The loans were granted by Axpo Power AG.

15 | Non-current derivative financial instruments

CHF m	30.9.2014	30.9.2013
To related parties	3.8	13.6
To third parties	2.4	0.4
Total	**6.2**	**14.0**

Derivative financial instruments consist of the negative replacement values of the currency forward contracts open on the balance sheet date. They serve to hedge foreign currency positions.

16 | Share capital

CHF m		30.9.2014	30.9.2013
The share capital is divided into 37 000 000 registered shares with a par value of CHF 10 each.			
The shareholders are:	in %		
Canton Zurich	18.342	67.9	67.9
Electricity Utilities of the Canton of Zurich	18.410	68.1	68.1
Canton Aargau	13.975	51.7	51.7
AEW Energie AG	14.026	51.9	51.9
SAK Holding AG	12.501	46.3	46.3
EKT Holding AG	12.251	45.3	45.3
Canton Schaffhausen	7.875	29.1	29.1
Canton Glarus	1.747	6.5	6.5
Canton Zug	0.873	3.2	3.2
Total	**100.000**	**370.0**	**370.0**

17 | Accumulated profit/loss

CHF m	30.9.2014	30.9.2013
Result for the year	269.5	–20.0
Profit carried forward	0.3	0.3
Total	**269.8**	**–19.7**

18 | Changes in equity

CHF m	Share capital	General legal reserves	Free reserves	Accumulated profit/loss	Total equity
As at 30.9.2011	**370.0**	**2 633.0**	**640.0**	**131.0**	**3 774.0**
Dividends				–81.4	–81.4
Result for the year 2011/12				16.7	16.7
As at 30.9.2012	**370.0**	**2 633.0**	**640.0**	**66.3**	**3 709.3**
Partial release of free reserves			–8.0	8.0	0.0
Dividends				–74.0	–74.0
Result for the year 2012/13				–20.0	–20.0
As at 30.9.2013	**370.0**	**2 633.0**	**632.0**	**–19.7**	**3 615.3**
Partial release of free reserves			–94.0	94.0	0.0
Dividends				–74.0	–74.0
Result for the year 2013/14				269.5	269.5
As at 30.9.2014	**370.0**	**2 633.0**	**538.0**	**269.8**	**3 810.8**

19 | Contingent liabilities

CHF m	30.9.2014	30.9.2013
Guarantees granted to third parties	138.2	3.5
Guarantees granted to related parties	0.0	9.0
Sureties granted to third parties	183.8	183.8
Liabilities to pay in capital on shares towards third parties	0.3	0.6
Total	**322.3**	**196.9**

20 | Transactions with related parties

All transactions with related parties are conducted at prevailing market conditions.

21 | Remuneration paid to the Board of Directors and the Executive Board

This note was created in accordance with the requirements of the Swiss Code of Obligations and may differ from the remuneration information in Note 35 of the consolidated financial statements (in accordance with IFRS) as a result of differing measurement approaches.

The amounts disclosed include all remunerations to the members of the Board of Directors of Axpo Holding AG and the Executive Board granted by the fully consolidated companies of the Axpo Group for the 2013/14 financial year, even if the time of payment or definitive acquisition of title was after the balance sheet date of the reporting year (accrual basis). Remunerations that were not paid out directly to individual members of the Board of Directors but to their employers are also included in the following amounts.

Remuneration paid to members of the Board of Directors in the 2013/14 financial year

Name CHF thousand	Function	Remuneration for directorship (fixed) 1)	Pension benefits 2)	Total	
Robert Lombardini	Chairman of the Board of Directors Member of the Audit and Finance Committee, Compensation and Nominations Committee, Strategy Committee	275	20	295	
Stephan Attiger	Member of the Board of Directors Member of the Compensation and Nominations Committee	66	1	67	3)
Dr. Ueli Betschart	Member of the Board of Directors Member of the Audit and Finance Committee, Corporate Risk Council	86	0	86	4)
Jakob Brunnschweiler	Vice Chairman of the Board of Directors Chairman of the Strategy Committee	90	2	92	5)
Dr. Reto Dubach	Member of the Board of Directors Member of the Compensation and Nominations Committee	66	0	66	6)
Roland Eberle	Member of the Board of Directors Member of the Audit and Finance Committee	72	5	77	
Andreas Frank	Member of the Board of Directors Member of the Audit and Finance Committee	82	6	88	
Martin Graf	Member of the Board of Directors Member of the Compensation and Nominations Committee	69	1	70	7)
Rudolf Hug	Member of the Board of Directors Chairman of the Audit and Finance Committee	124	9	133	
Markus Kägi	Member of the Board of Directors Member of the Strategy Committee	68	1	69	7)
Peter Reinhard	Member of the Board of Directors Chairman of the Compensation and Nominations Committee	78	6	84	
Heinz Tännler	Member of the Board of Directors Member of the Strategy Committee	67	1	68	8)
Ernst Werthmüller	Member of the Board of Directors Member of the Strategy Committee	70	0	70	9)
Total		**1 213**	**52**	**1 265**	

1) The remuneration for a Board of Directors mandate (fixed) consists of a fixed annual remuneration and meeting fees (except in the case of the Chair of the Board of Directors).
2) Employer contributions to AHV / IV are shown under pension benefits.
3) CHF 60 thousand of the remuneration was paid to the employer.
4) CHF 86 thousand of the remuneration was paid to the employer.
5) CHF 70 thousand of the remuneration was paid to the employer.
6) CHF 66 thousand of the remuneration was paid to the employer
7) CHF 56 thousand of the remuneration was in each case paid to the employer.
8) CHF 53 thousand of the remuneration was paid to the employer.
9) CHF 70 thousand of the remuneration was paid to the employer.

Remuneration paid to members of the Board of Directors in the 2012/13 financial year

Name CHF thousand	Function	Remuneration for directorship (fixed)[1]	Pension benefits[2]	Total	
Robert Lombardini	Chairman of the Board of Directors Member of the Audit and Finance Committee, Compensation and Nominations Committee, Strategy Committee	275	20	295	
Stephan Attiger (since 8.3.2013)	Member of the Board of Directors Member of the Compensation and Nominations Committee	36	1	37	4)
Dr. Ueli Betschart	Member of the Board of Directors Member of the Audit and Finance Committee, Corporate Risk Council	93	0	93	3)
Peter C. Beyeler (until 8.3.2013)	Member of the Board of Directors Member of the Strategy Committee	35	0	35	4)
Jakob Brunnschweiler	Vice Chairman of the Board of Directors Member of the Strategy Committee	88	1	89	5)
Dr. Reto Dubach	Member of the Board of Directors Member of the Compensation and Nominations Committee	68	0	68	6)
Roland Eberle	Member of the Board of Directors Member of the Audit and Finance Committee	79	6	85	
Andreas Frank	Member of the Board of Directors Member of the Audit and Finance Committee	69	5	74	
Ernst Frey (until 8.3.2013)	Member of the Board of Directors Chairman of the Compensation and Nominations Committee	32	3	35	
Martin Graf	Member of the Board of Directors Member of the Compensation and Nominations Committee	67	0	67	7)
Rudolf Hug	Member of the Board of Directors Chairman of the Audit and Finance Committee	115	8	123	
Markus Kägi	Member of the Board of Directors Member of the Strategy Committee	67	1	68	8)
Peter Reinhard	Member of the Board of Directors Chairman of the Compensation and Nominations Committee	73	5	78	
Heinz Tännler	Member of the Board of Directors Member of the Compensation and Nominations Committee	65	1	66	8)
Ernst Werthmüller (since 8.3.2013)	Member of the Board of Directors Member of the Strategy Committee	35	0	35	9)
Total		**1 197**	**51**	**1 248**	

1) The remuneration for a Board of Directors mandate (fixed) consists of a fixed annual remuneration and meeting fees (except in the case of the Chair of the Board of Directors).
2) Employer contributions to AHV / IV are shown under pension benefits.
3) CHF 93 thousand of the remuneration was paid to the employer.
4) CHF 28 thousand of the remuneration was paid to the employer.
5) CHF 70 thousand of the remuneration was paid to the employer.
6) CHF 68 thousand of the remuneration was paid to the employer
7) CHF 62 thousand of the remuneration was paid to the employer.
8) CHF 56 thousand of the remuneration was paid to the employer.
9) CHF 35 thousand of the remuneration was paid to the employer.

Remuneration to Executive Board members and the highest paid member

CHF thousand	Andrew Walo CEO 5) 2013/14	Heinz Karrer CEO 2012/13	Total for Executive Board 6) 2013/14	2012/13
Gross salaries (fixed) 1)	480	500	2 492	2 220
Gross salaries (variable) 2)	227	231	982	1 070
Non-cash benefits 3)	9	10	49	46
Pension benefits 4)	169	168	810	746
Total	**885**	**909**	**4 333**	**4 082**

1) Gross salaries (fixed) consist of base salaries.
2) Gross salaries (variable) include variable salary components that are dependent on the achievement of company targets and individual objectives. These are deferred figures for the 2013/14 financial year. The payments will be made in the following financial year.
3) Private use of company vehicles and SBB rail pass.
4) Employer contributions to the AHV/IV, the company pension fund to occupational and non-occupational accident insurance and sick pay insurance are shown under pension benefits.
5) A remaining holiday allowance in the amount of CHF 41,385 was paid to Andrew Walo upon termination of the CKW employment contract with effect from 31 January 2014. This amount is not included in the total remuneration disclosed for Andrew Walo.
6) The total for the Executive Board for the 2013/14 financial year contains the entire remuneration of Heinz Karrer (CEO until 31 January 2014) of CHF 591,343 for the period from 1 October 2013 until the end of the employment contract as per 31 August 2014.

Expenses for performing directorships on behalf of Axpo are also compensated in the remuneration paid to the Executive Board members, i.e. Executive Board members may not claim separate remuneration for the performance of directorships within the Axpo Group. These remunerations total CHF 387,300 and were paid out to the employers of the Executive Board members.

Further information

No remuneration was paid to former members of the Board of Directors or the Executive Board (incl. related parties) in the 2013/14 financial year.

Axpo Holding AG is wholly owned by the cantons of Northeastern Switzerland and their cantonal utility companies. Axpo Holding AG and its Group companies have not granted any security, loans, advances or credits to the members of the Board of Directors and the Executive Board or related parties.

22 | Performance of risk assessment

The Axpo Group has implemented a Group-wide risk management system aimed at creating as much transparency as possible regarding its risk situation and managing its risk exposure in a targeted manner. Risks are identified across the entire spectrum, including market, counterparty, operational and general risks, and evaluated according to their probability of occurrence and impact. Risk-reducing measures are agreed and implemented if necessary. The Group function Corporate Risk Management is responsible for carrying out the process and informs the Board of Directors, the Audit and Finance Committee of the Board of Directors and the Risk Council at regular intervals regarding the risk situation and any measures taken. The Board of Directors last discussed the Group's risk situation at its meeting of 19 September 2014.

Appropriation of profits of Axpo Holding AG

Proposal of the Board of Directors

	in CHF
We propose that distributable profit, be appropriated as follows:	
Profit carried forward	297 776
Reported net profit	269 473 354
Total	**269 771 130**
Profit to be carried forward	269 771 130
Total	**269 771 130**

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Report of the Statutory Auditor to the General Meeting of Shareholders of

Axpo Holding AG, Baden

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Axpo Holding AG, as presented on pages 88 to 97, which comprise the income statement, balance sheet and notes for the year ended 30 September 2014.

Board of Directors' Responsibility
The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 30 September 2014 comply with Swiss law and the company's articles of incorporation.

KPMG AG/SA, a Swiss corporation, is a subsidiary of KPMG Holding AG/SA, which is a member of the KPMG network of independent firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss legal entity.
Member of the Swiss Institute of Certified Accountants and Tax Consultants

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Lukas Marty
Licensed Audit Expert
Auditor in Charge

Daniel Haas
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