

Company Registration No. 3750288

EDF Trading Limited

Report and Financial Statements

31 December 2009

SATURDAY



AE6DPN4N

A13

04/09/2010

137

COMPANIES HOUSE

EDF Trading Limited

Report and financial statements 2009

Contents	Page
Officers and professional advisers	2
Directors' report	3
Statement of directors' responsibilities	9
Independent auditors' report	10
Group profit and loss account	12
Group statement of recognised gains and losses	13
Group and Company balance sheets	14
Notes to the accounts	16

EDF Trading Limited

Report and financial statements 2009

Officers and professional advisers

Directors

B Bigois
M Laigneau
M Lawrence
A le Lorier
B Lescoeur
D Macfarlane
J-L Mathias
J Rittenhouse
P Torrion
G Wolf

Secretary

R W Quick

Registered Office

Third floor, Cardinal Place
80 Victoria Street
London
SW1E 5JL

Auditors

Deloitte LLP
Chartered Accountants
London

EDF Trading Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

Results and dividends

EDF Trading Limited ("the Company" or "EDFT") and its direct and indirect wholly owned subsidiaries and associates (see note 12) (together the "Group") recognised profit after tax for the year of €642,229,000 (2008 €718,413,000). The accounts for the year ended 31 December 2009 are set out on pages 12 to 43. A dividend of €360,000,000 was declared and paid during 2009 (2008 €185,000,000).

Principal activities and review of the business

The Group's activities consist of trading energy products (electricity, natural gas, coal, freight, oil and carbon emissions credits) in the wholesale markets, and related activities including the management of transportation and logistics.

EDFT's year on year traded volumes were

Traded volumes per commodity (physical and derivatives)	Unit	2009	2008
Electricity	TWh	2,315	1,608
Natural Gas	Billion therms	104	75
Coal	Million tonnes	369	415
Freight	Million tonnes	156	160
CO ₂	Million tonnes	266	394
Oil	Million barrels	681	444

The year to 31 December 2009 saw considerable emphasis on the integration of businesses acquired or established, and activities commenced, in 2008. These include Eagle Energy Partners I, L P, acquired from Lehman Brothers, and renamed EDF Trading North America LLC ("EDFT NA") during 2009, the contractual JV with Chubu Electric Power Company Incorporated, and the 7.5% interest in the Narrabri mining project in Australia.

The focus of the integration efforts was the establishment of robust processes and controls across the global spread of trading activity, including the implementation of trading and accounting systems, processes for risk management, reporting and control, and – where necessary – building stronger business support functions.

During 2009, EDFT concluded a contractual joint venture ("JV") agreement with Calyon London branch and trading activities started during November 2009 (trading of financial instruments). EDFT concluded a JV agreement between K-Line Bulk Shipping (UK) Limited and Cardinal Shipping Limited (a 100% subsidiary of EDFT) for the purchase and management of a new build capesize dry bulk vessel, which should be delivered in 2011. EDFT also established a branch in Beijing for marketing and origination in China.

There were further targeted business developments in 2009, including the acquisition by EDFT NA of a portfolio of US West Coast power trades from Constellation Energy, and the development of coal trading capabilities in the United States, alongside growth in the existing power and gas trading businesses.

EDFT continued to expend efforts to identify synergies with its ultimate parent company, Electricité de France S A ("EDF"), and EDF's subsidiary undertakings. New initiatives in 2009 include the extension of a virtual hydro power plant, allowing EDFT to commercially optimise hydro generating assets owned by EDF, and two new power plant optimisation contracts (virtual power plant) agreed with EDF.

EDF Trading Limited

Directors' report (continued)

Principal activities and review of the business (continued)

The Company, through its wholly owned subsidiary EDF Trading Gas Storage Limited, continued the expansion of its gas storage facilities in Crewe, Cheshire. Storage capacity increased to 20 million therms during the year with the completion of a fourth cavity which came on line on 4th November 2009.

Risk management

Risk governance

The board of directors are responsible for approving risk management principles and policies, and ensuring that EDFT's management maintains an effective system of internal controls approved by the board.

The Chief Executive is responsible for the management of risk within the framework of risk management principles and policies. The Chief Executive has established two committees to oversee risk management.

Risk Committee

The Risk Committee oversees all aspects of market and operational risk management. The Risk Committee sets the trading risk limits, reviews the risks arising from complex transactions and new business ventures, and reviews the overall risk in the business. The Risk Committee determines whether EDFT is prepared to accept the risk associated with new transactions and activities and, if appropriate, new risk parameters.

Credit Committee

The Credit Committee oversees all aspects of credit risk management. The Credit Committee establishes credit policies and approves appropriate credit limits for each counterpart. Credit limits, which define our credit risk parameters with each counterpart, are approved by the Credit Committee once it has reviewed a counterpart credit assessment.

Risk management organisation

Compliance with all limits and control procedures is monitored by the risk management department, which is independent of the trading business and reports independently of the commercial functions into the Executive management. The risk management department is responsible for reviewing and approving pricing and risk management models, and for reporting market and credit risk exposures.

Market risks

The primary market risks within the business are the exposures to energy prices and foreign exchange rates, value-at-risk is our primary mechanism for market risk measurement. All market risks are represented on the Group's balance sheet and the positions are recorded and monitored in either trading books or structured transaction accounts, as appropriate.

Value-at-Risk (VaR)

The Group uses daily VaR measures as the primary mechanism for market risk control. The daily VaR measure is the potential profit or loss that might arise if current positions were unchanged over one business day at a 95% confidence level. Daily profits or losses exceeding this VaR measure are expected to occur on average once every twenty business days. The Risk Committee has allocated VaR limits to all trading desks and daily risk reports are produced for all major risk categories - electricity, gas, oil, coal, freight, carbon emissions and foreign exchange - to monitor VaR exposure. At 31 December 2009, the VaR limit for EDFT's trading books was €30,700,000 (2008: €29,100,000). The average VaR utilisation during 2009 was €11,729,952 (2008: €14,776,734). As VaR does not always provide a direct indication of the potential size of losses, additional techniques are employed to monitor market risk, including stress testing.

EDF Trading Limited

Directors' report (continued)

Risk management (continued)

Market risks (continued)

Trading books

The Risk Committee has established a trading book structure. Trading books define the scope of activity in forward contracts, swaps, options and futures, and are categorised by commodity (e.g. electricity) or sub-commodity (e.g. northern European electricity).

Trading losses

Trading losses are monitored against predefined levels set by the Risk Committee. These predefined levels are based on three times the allocated VaR by trading desk, and set the risk appetite for the business. Trading losses exceeding the predefined levels are reported to the Risk Committee.

Structured transaction accounts

Structured transaction accounts are used to account for longer-term risks or illiquid basis risks, which arise from long-term over-the-counter transactions ("structured transactions"). All new structured transactions require the approval of the Risk Committee.

The Committee also considers and quantifies the capital requirements of new structured transactions. On the execution of a structured transaction, the liquid, hedgeable risks are transferred to the relevant trading books.

Reviews of market liquidities are conducted regularly to ensure that hedgeable risks are transferred to trading books. The structured transaction accounts are subject to regular stress testing by the risk management department. The capital requirements for structured transactions are reviewed and updated on a regular basis by the risk management department.

Credit risk

EDFT credit risk management has developed into a global discipline with the implementation of a consistent credit risk management framework, systems, processes and controls in EDFT's offices in Europe, North America and Asia. The credit risk management activities are reviewed and monitored through regional Credit Committees whose members include Executive management. Exposures are reviewed on a consolidated basis and credit strategies designed to achieve effective mitigation across the Group.

The Group's European trading activities generate exposures to European energy companies, utilities, coal producers and financial institutions active in energy markets. In North America, the Group's exposures are to energy producers, power generators, industrials, retail aggregators and utilities. The majority of Group transactions, whether originating in Europe, North America or Asia are executed under standard industry agreements, that provide cross commodity netting, material adverse change provision, and default provision. In addition, the Group also executes margining agreements and receives collateral accordingly. To date, EDFT has not suffered any material credit loss.

Interest rate risk

The Group also monitors its interest rate risk, considering any material exposures. Interest rate swaps are used to manage the interest rate risk arising on long term open and structured transactions.

Operational and other risks

Operational risk is the exposure to losses that may occur as a consequence of carrying out physical operations, and from errors resulting from failures in internal processes and systems. EDFT assesses the level of operational risk in its various business processes on an ongoing basis and has implemented a series of checks and backup systems based on the risk assessment. Our procedures are designed to prevent the occurrence of operational errors and, should an error occur, quickly detect its occurrence in order to minimise its impact. Performance indicators are used to monitor the effectiveness of key operational processes and to provide assurance that the process continues to function effectively.

EDF Trading Limited

Directors' report (continued)

Risk management (continued)

Operational and other risks (continued)

The performance indicators are reported to the Executive management on a regular basis. Any failure in business process results in a revised risk assessment and review of relevant procedures. Operational risk is considered by the Risk Committee when approving new activities and business ventures.

Legal risks

The legal team is involved in every significant transaction. No agreements can be concluded without their sign off. The legal team provides essential advice and guidance to senior management on all business issues and ensure that business is conducted in a manner that complies with all legal and regulatory requirements.

Accounting policies

The Group uses mark-to-market accounting for positions where there is an observable market or where fair values can be estimated with reasonable certainty, in accordance with UK accounting principles. The overall valuation of the trading portfolio includes an allowance for credit and operational risks. The market prices used to value Group's positions take account of the cost of closing out the Group's net trading position in the market.

Capital management

EDFT has established procedures for the allocation of capital to its business activities. The methodology is broadly based on the Basel Accord, which includes the assessment of market, credit and operational risk capital. Capital is allocated to trading activities based on a multiple of 15 times the VaR approved by the Risk Committee. Further capital is allocated to structured transactions based on a stress testing analysis.

At the end of 2009, total allocated capital was €1,143,000,000 (2008: €909,000,000) or 58% of total group shareholder's funds (2008: 54%).

Capital requirements for operational risk have been calculated based on estimated losses over a three-year period. The estimated losses are based on historical operational performance and an analysis of loss experiences. Estimated losses are reviewed periodically to ensure consistency with internal operational risk factors such as transaction turnover and error rates.

Liquidity risk management

Liquidity management within EDFT has two principal purposes. Firstly, to ensure that sufficient cash is available to meet all contractual commitments as they fall due and, secondly, to ensure that we have sufficient funding to withstand stressed market conditions or an extreme event.

EDFT has committed funding facilities from EDF and participates in EDF cash pooling and Eurobond arrangements. The facilities are reviewed frequently and EDFT produces cash flow forecasts that are stress tested to ensure that EDFT has sufficient liquidity to withstand stressed market conditions or an extreme event. As at 31 December 2009, the Group had total available liquidity of €1,597,206,000 (2008: €1,359,657,000) including €500,000,000 of undrawn committed facilities from EDF, maturing in 2012 and €410,000,000 uncommitted other facilities provided by EDF.

The Group's liquid resources include amounts placed under cash pooling arrangements with EDF. The Group pools euro, sterling and US dollar cash balances on a daily basis. The cash pooled balances are classified as inter-company receivables, are interest bearing and are callable by EDFT on demand.

Foreign exchange risk

The euro is the functional currency of the Company and the presentation currency of the Group. The functional currency of subsidiary undertakings is that most appropriate for the principal trading activity. The Group also transacts in other currencies, principally pounds sterling (UK power and natural gas) and US dollars (coal, freight, oil, US power and gas). When currency exposure arises as a result of purchase and sale commitments in principal currency, forward foreign exchange transactions are used to hedge the exposure.

EDF Trading Limited

Directors' report (continued)

Future developments

The directors anticipate continued development of trading activity across both mature and evolving energy markets

Company secretary

RW Quick served as company secretary during the year

Charitable contributions

During the year the Group made charitable donations of €33,856 (2008 €19,986) based on matching employee contributions to employee nominated charities. The Group also made charitable donations of €126,409 (2008 €14,635) to other charities

Disabled employees

Applications for employment by people with disabilities are always fully considered, bearing in mind the aptitude, skills and relevant experience of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged (including re-training if practical). It is the policy of the Group and Company that the recruitment, training, career development and promotion of employees with disabilities should, as far as possible, be identical to that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on factors affecting the performance of the Group and Company.

This is achieved through the EDF Trading intranet site, which includes updates by management, formal and informal meetings as appropriate, weekly email updates to all staff in the form of a staff bulletin, team meetings as required, and the EDF magazine.

Statement of going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Company is set out in the financial statements. The liquidity position and borrowing facilities of the Company are set out in "Liquidity risk management".

The Company has adequate financial resources. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

The directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Events since the balance sheet date

Other than dividends declared there have been no significant events since the balance sheet date that require disclosure.

Auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

EDF Trading Limited

Directors' report (continued)

Auditors (continued)

- the director has taken all the steps that he/she ought to have taken as a director in order to make him/her aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP has expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the board of directors
and signed on behalf of the board



R W Quick
Secretary

16 February 2010

Third floor, Cardinal Place
80 Victoria Street
London
SW1E 5JL

EDF Trading Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the Group and of the profit of the Group for that period.

In preparing these financial statements, the directors are required to

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

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

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

Independent auditors' report to the members of EDF Trading Limited

We have audited the financial statements of EDF Trading for the year ended 31 December 2009 which comprise the Group profit and loss account, the Group and Company balance sheets, the Group statement of total recognised gains and losses, and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2009 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

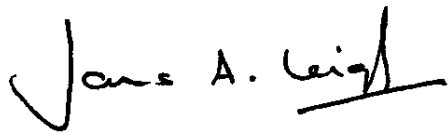


Independent auditors' report to the members of EDF Trading Limited (continued)

Matters on which we are required to report by exception

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

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



(James A Leigh, Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

16 February 2010

EDF Trading Limited

Group profit and loss account Year ended 31 December 2009

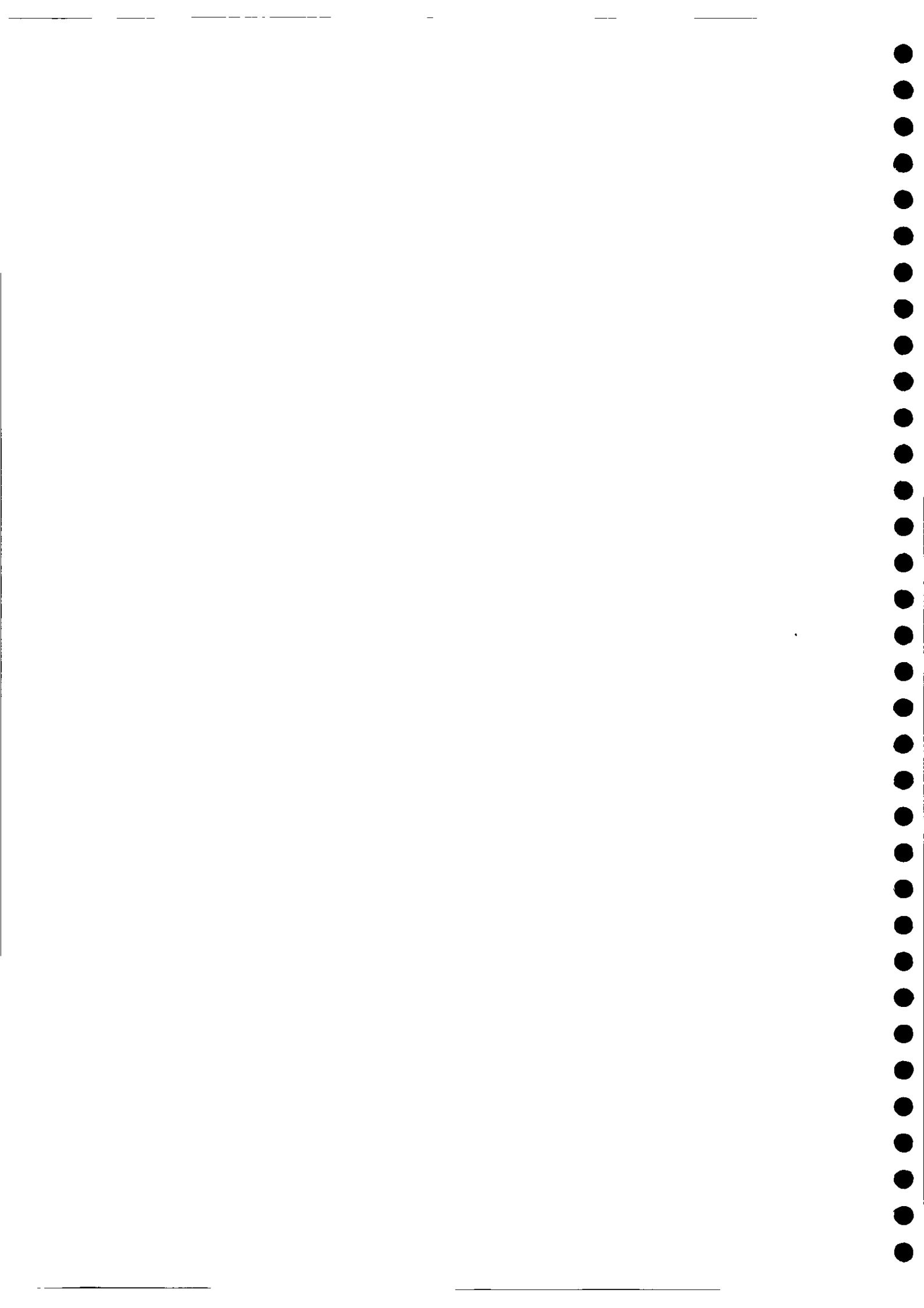
	Notes	2009 €'000	2008 €'000
Turnover			
Existing operations		139,012,330	104,683,348
Less Share of joint ventures' turnover		-	(1,467)
		<hr/>	<hr/>
Group turnover	2	139,012,330	104,681,881
Cost of sales		(137,868,871)	(103,469,723)
		<hr/>	<hr/>
Net trading income		1,143,459	1,212,158
Administrative expenses		(239,517)	(212,439)
Other operating income		2,743	3,589
		<hr/>	<hr/>
Group operating profit	3	906,685	1,003,308
Share of joint ventures' operating (loss) / profit		(140)	22
Share of associates' operating profit		3,638	9,304
		<hr/>	<hr/>
Total operating profit: group and share of joint ventures and associates		910,183	1,012,634
Interest receivable	6	11,727	43,728
Interest payable and similar charges	6	(42,492)	(44,106)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		879,418	1,012,256
Tax on profit on ordinary activities	7	(237,189)	(293,843)
		<hr/>	<hr/>
Profit for the financial year		642,229	718,413
		<hr/>	<hr/>

All profits and losses arise from continuing operations

EDF Trading Limited

Group statement of total recognised gains and losses Year ended 31 December 2009

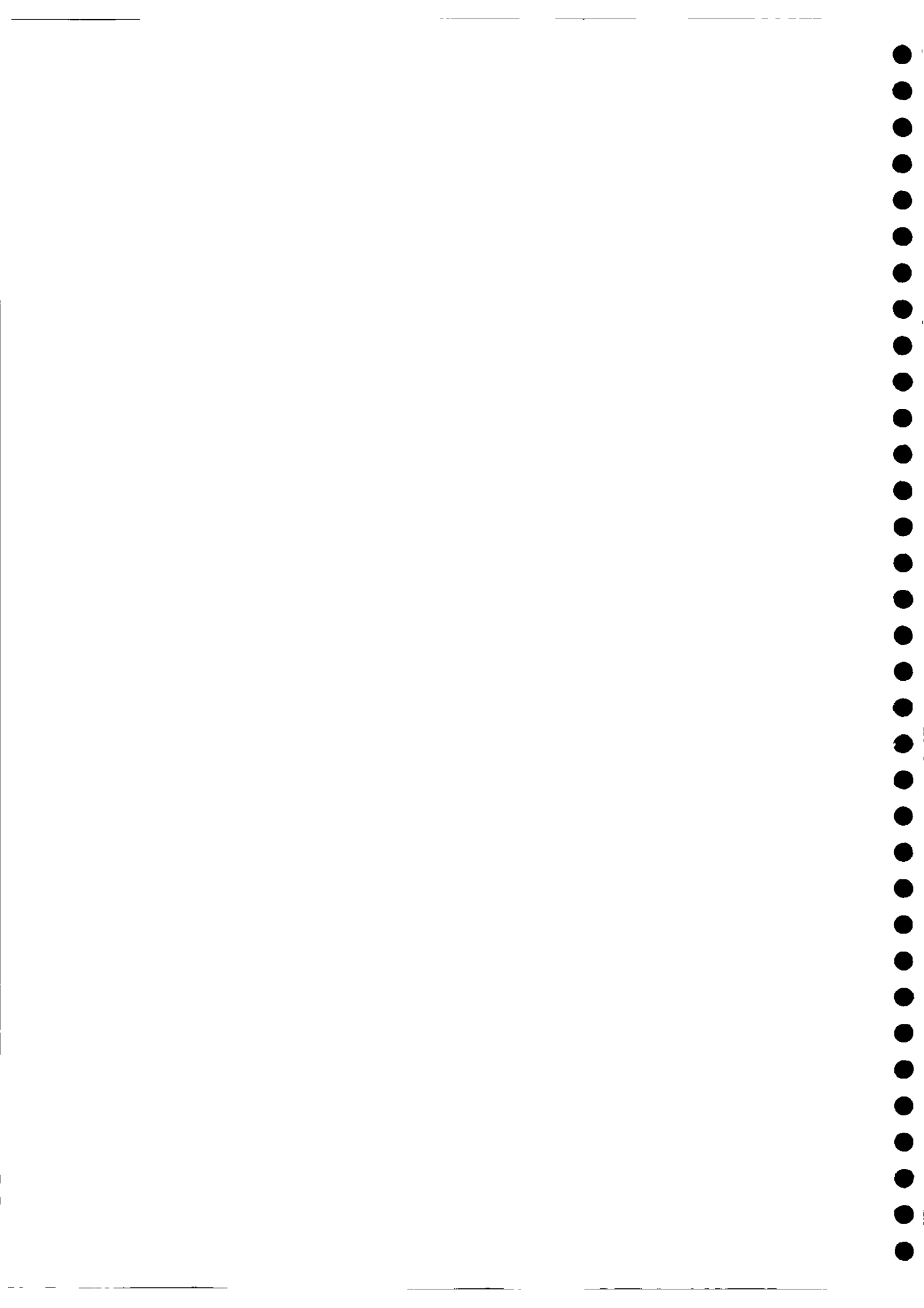
	Notes	2009 €'000	2008 €'000
Profit for the year			
- Group		639,307	712,058
- Joint ventures		(165)	13
- Associates		3,088	6,342
		<hr/>	<hr/>
	21	642,229	718,413
Movement in other reserves	21	12,072	1,386
Tax on items taken directly to equity	21	(1,528)	(2,130)
		<hr/>	<hr/>
Total recognised gains and losses		652,772	717,669



EDF Trading Limited

Group and Company balance sheets 31 December 2009

	Notes	Group 2009 €'000	Company 2009 €'000	Group 2008 €'000	Company 2008 €'000
Fixed assets					
Terminal operating rights and mining licences	9	34,875	-	129,613	-
Negative goodwill	10	-	-	(3,483)	-
Intangible assets		34,875	-	126,130	-
Tangible assets	11	217,255	16,234	102,912	17,620
Interest in associate undertakings	12	39,930	12,054	36,802	14,077
Investment in subsidiary undertakings	12	-	290,164	-	154,097
Interest in joint ventures	12	-	239	-	239
- share of gross assets		10,193	-	7,435	-
- share of gross liabilities		(10,205)	-	(7,202)	-
		292,048	318,691	266,077	186,033
Current assets					
Stocks	13	621,772	454,075	458,304	420,445
Debtors					
- due within one year	14	13,959,556	13,340,889	14,161,300	13,861,880
- due after one year	14	109,524	171,261	121,983	164,438
Cash at bank and in hand		151,161	50,383	227,637	30,637
		14,842,013	14,016,608	14,969,224	14,477,400
Creditors: amounts falling due within one year					
Loans	16	-	-	(350,000)	(350,000)
Other creditors	16	(12,392,477)	(11,672,197)	(12,480,603)	(11,951,586)
Net current assets		2,449,536	2,344,411	2,138,621	2,175,814
Total assets less current liabilities		2,741,584	2,663,102	2,404,698	2,361,847
Creditors: amounts falling due after more than one year	17	(755,210)	(712,443)	(713,555)	(713,080)
Provisions for liabilities and charges	18	(15,587)	(1,393)	(13,129)	(6,700)
		(770,797)	(713,836)	(726,684)	(719,780)
Net assets		1,970,787	1,949,266	1,678,014	1,642,067



EDF Trading Limited

Group and Company balance sheets 31 December 2009 (continued)

	Notes	Group 2009 €'000	Company 2009 €'000	Group 2008 €'000	Company 2008 €'000
Capital and reserves					
Called up share capital	20	81,000	81,000	81,000	81,000
Capital redemption reserve	21	9,138	9,138	9,138	9,138
Other reserves	21	5,792	5,433	(4,752)	(301)
Profit and loss account	21	1,874,857	1,853,695	1,592,628	1,552,230
Total shareholder's funds		<u>1,970,787</u>	<u>1,949,266</u>	<u>1,678,014</u>	<u>1,642,067</u>

A statement of movement in shareholder's funds is given in note 21

These financial statements were approved by the Board of Directors and authorised for issue on 16 February 2010

Signed on behalf of the Board of Directors


J Rittenhouse
Chief Executive Officer


B Rigois
Chief Financial Officer

EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

1. Accounting policies

The accounts have been prepared under the historic cost convention, with the exception of the marking to market of certain financial assets and liabilities in accordance with the Companies Act 2006 and UK Accounting Standards. The particular accounting policies adopted consistently in the current and prior year are described below. The financial statements have been prepared on the going concern basis as disclosed in the Directors' statement of going concern set out in the Directors' report.

Basis of consolidation

The Group accounts consolidate the accounts of the Company and all its subsidiary undertakings drawn up to 31 December annually. The results of subsidiaries acquired are consolidated for the periods from the date on which control passed under the acquisition method.

Profits or losses on intra-group transactions and amounts in relation to debts and claims are eliminated in full. The investor's share of profits or losses resulting from transactions between investor and its associated undertaking or joint venture is eliminated on consolidation.

Uniform group accounting policies are used for determining amounts to be included in the financial statements.

Associates

An associated undertaking ("associate") is an entity in which the Group has a long-term equity interest and over which it exercises significant influence. The consolidated financial statements include the Group's portion of the operating profit or loss, interest, taxation and net assets of the associates. Goodwill arising on the acquisition of associates is identified and accounted for in accordance with the policy set out below. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Joint ventures

Joint ventures are those entities over which the Group exercises joint control in terms of a contractual agreement. The gross equity method of accounting for joint ventures is applied in the Group financial statements.

Cash flow statement

The Company is a wholly owned subsidiary undertaking of EDF, which produces a consolidated cash flow statement. Consequently the Company has taken advantage of the exemption given to subsidiaries in FRS 1 (5) (b) from preparing a cash flow statement.

Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The profit dealt with in the accounts of the Company was €661,465,000 (2008: €703,522,000).

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euro, which is the Company's functional and presentation currency. The majority of its transactions are euro denominated.

EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

1. Accounting policies (continued)

Foreign currency translation (continued)

Transactions and balances

Foreign currency transactions are translated into each Group entity's functional currency using the exchange rates prevailing at the dates of the transactions

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency (i.e. euro) are translated into the presentation currency as follows

- assets and liabilities for each balance sheet presented are translated at the closing rate of exchange at the date of that balance sheet,
- income and expenses for each income statement are translated at average exchange rates for the period, and
- all resulting exchange differences are recognised as a separate component of equity

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign subsidiary is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Finance costs

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Software development costs

Software development costs that are directly attributable to bringing computer equipment into working condition for their intended use in the business are treated as part of the cost of the related hardware.

Assets under construction

Assets under construction relate to the development of gas storage facilities and terminals and are not depreciated until they become operational.

EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

1. Accounting policies (continued)

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, with the exception of Mining resources and land, as follows

Systems development	3 years
Computer equipment	3 to 4 years
Furniture and fittings	4 years
Communication equipment	4 years
Leasehold improvements	4 years
Plant and equipment	20 years
Buildings	40 years

Mining resources are included within tangible assets at cost and depreciated on a "unit-of production" basis over the total estimated remaining commercial reserves of each property. Commercial reserves are proved and probable reserves. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves. Provision is made for any impairment.

Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life. Provision is made for any impairment. Goodwill relating to equity accounted investments is disclosed as part of the carrying value of the investments.

Negative goodwill relating to the acquired associate undertaking is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

Negative goodwill relating to the acquired partnership is credited to the profit and loss account in the periods in which the acquired liquid assets settle.

Intangible assets – terminal operating rights

Terminal operating rights are included within intangible assets at cost and depreciated in equal annual instalments over a period of 20 years, which is their estimated useful economic life. Provision is made for any impairment.

Investments

Fixed asset investments for the Company are shown at cost less provision for any impairment.

EDF Trading Limited

Notes to the accounts

Year ended 31 December 2009

1. Accounting policies (continued)

Impairment

The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is provided for in the current period profit and loss account when the carrying value of the assets exceeds their estimated recoverable amount.

The estimated recoverable amount is defined as the higher of the net realisable value and value in use. The value in use is determined by reference to the net present value of expected future cash flows.

Stocks

Stocks represent commodities held for trading purposes and are held at fair value. This is not in accordance with the requirements of SSAP9, Stocks and long term contracts, which requires stocks to be valued at the lower of cost and net realisable value. However, the directors believe that because they adopt mark-to-market accounting as a trading business, the valuation of stock at fair value is required to show a true and fair view. An estimate of the impact of this policy is disclosed in note 13 to the financial statements.

Financial instruments

The Company is a wholly owned subsidiary undertaking of EDF, which complies with IFRS 7 – Financial Instruments Disclosures. Consequently the Company has taken advantage of the exemption given to subsidiaries in FRS 29 (2D) and has not applied FRS 29 – Financial Instruments Disclosures.

Forward commodity contracts and derivative financial instruments

The Company enters into forward commodity contracts and derivative instruments for trading purposes. The Company does not classify any of these contracts as “own-use”.

Forward contracts are physically settled instruments for delivery in the future. Derivative contracts are financial instruments, such as futures, swaps and options.

Forward and derivative contracts are measured by reference to market prices at the year-end. The resulting unrealised losses are recorded as liabilities in trade creditors and unrealised profits are recorded as assets in trade debtors. Changes in the assets and liabilities from these activities arising in the current period (resulting primarily from newly originated transactions and the impact of price movements on existing transactions) are recognised in the profit and loss account unless the derivative is designated and effective as a hedging instrument. If this is the case, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The market prices used to value these transactions take into account various factors including exchange closing prices and over-the-counter quotations.

“Day One” gains on transactions with maturities beyond observability horizon are deferred and recognised on a straight-line or other appropriate basis.

The deferred profits or losses on structured transactions that involve an upfront cash payment or receipt are presented on a discounted basis. The unwinding of the discounting effect on such transactions is presented as interest income or expense.

EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

1. Accounting policies (continued)

Financial instruments (continued)

Hedge accounting

The Group designates certain hedging instruments as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations

At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items

Note 19 contains details of the fair values of the derivative instruments used for hedging purposes. Movements on the hedging reserve in equity are also detailed in note 21 as part of the "Other reserves"

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised through the statement of total recognised gains and losses. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts that have been recognised directly in reserves are recognised in profit or loss in the same period in which the hedged forecast transaction affects profit or loss

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument that remains recognised directly in reserves from the period when the hedge was effective, remains separately recognised in reserves until the forecast transaction occurs

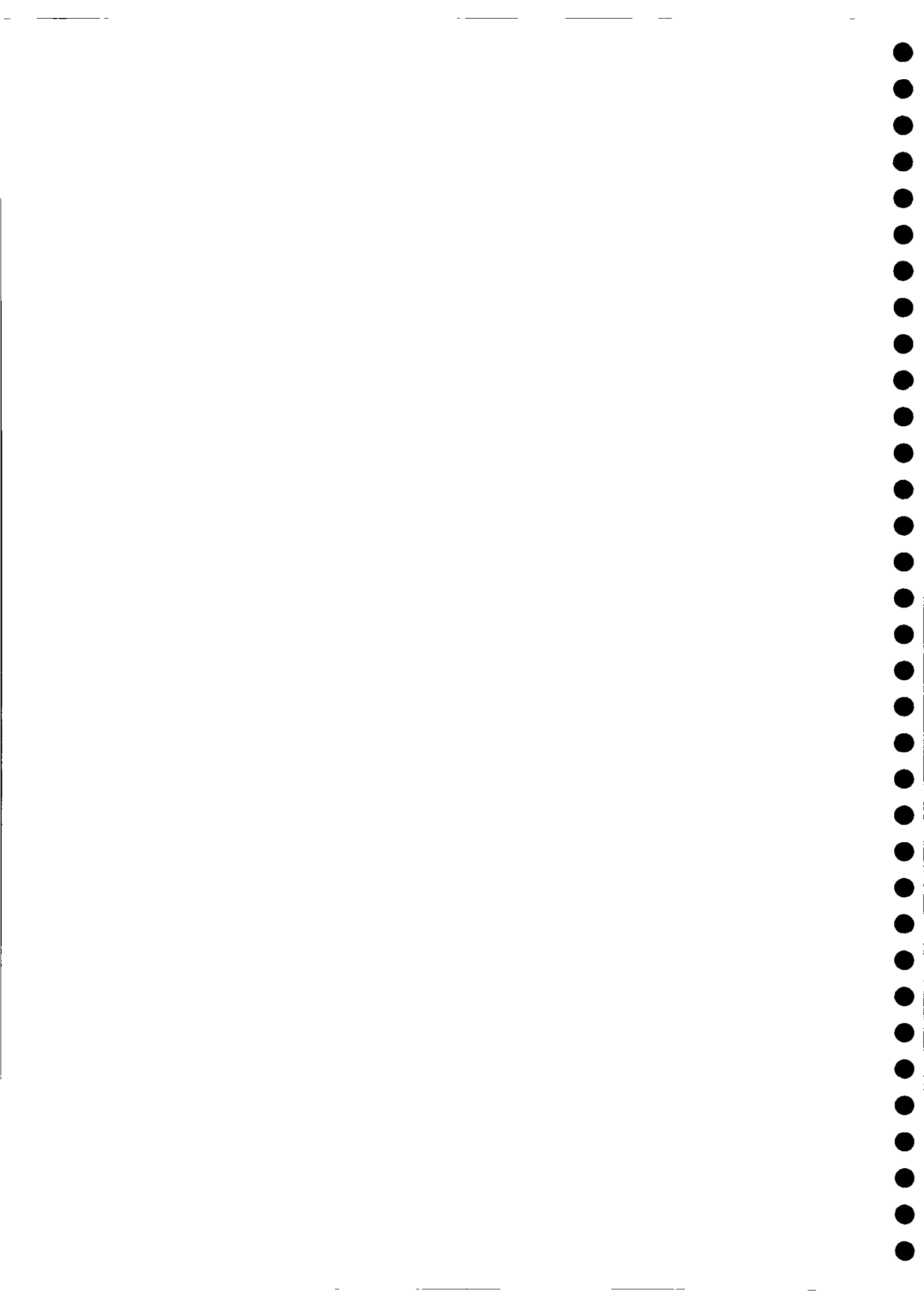
Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised through the statement of total recognised gains and losses, the gain or loss relating to the ineffective portion is recognised immediately in profit or loss

Gains and losses directly recognised in reserves are recognised immediately in profit or loss when the foreign operation is disposed of

Cash at bank and in hand

In accordance with FRS 1, cash at bank and in hand consists of current account balances and deposits that are available within one working day of the balance sheet date



EDF Trading Limited

Notes to the accounts

Year ended 31 December 2009

1. Accounting policies (continued)

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight-line basis over the period of usage of the leased item, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the same term.

Provisions for liabilities and charges

A provision for decommissioning is recognised for expected dismantling of equipment and rectification of land used for gas storage and coal mining and storage. The amount recognised is the present value of the estimated future expenditure.

A provision for onerous contracts is recognised to the extent that the Group is exposed to ongoing costs associated with the assignment of the lease on its former office.

Pension costs

The Group operates a defined contribution group personal pension scheme available to its UK employees. Contributions are recognised as employee benefit expense when they become payable in accordance with the rules of the scheme. Difference between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation including deferred tax

The charge for taxation is based on the profit or loss for the year and takes into account any taxation deferred because of timing differences between the recognition of certain items for taxation and accounting purposes.

Current tax is recognised in the profit and loss account for the period, except to the extent that it is attributable to a gain or loss that has been recognised directly in the statement of total recognised gains and losses. Where a gain or loss has been recognised directly in the statement of total recognised gains and losses, the tax relating to that gain or loss has also been recognised directly in that statement.

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

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

EDF Trading Limited

Notes to the accounts

Year ended 31 December 2009

2. Turnover

Turnover consists of the value of physical sales of energy products in the normal course of business and related services. Realised profits on derivatives as well as unrealised profits on open physical and derivative contracts are also included in turnover.

The Company is a wholly owned subsidiary undertaking of Electricité de France S A ("EDF"), which produces consolidated segmental financial information in accordance with IFRS 8. Consequently the Company has taken advantage of the exemption given within SSAP 25 from disclosing segmental financial information.

Profit before taxation is attributable to the purchase and sale of energy products in the wholesale market and related activities and the associated operating expenses and financing costs.

3. Operating profit

Operating profit is stated after charging / (crediting)

	2009 €'000	2008 €'000
Amortisation of goodwill	-	1,115
Amortisation of terminal operating rights (note 9)	1,986	1,692
Depreciation of tangible fixed assets (note 11)		
- owned	16,968	13,346
- leased	606	727
(Profits)/ losses on currency translations	(15,439)	4,659
Write back of negative goodwill (note 10 and 12)	(5,828)	(2,164)
Operating lease rentals		
- Plant and machinery	1,386	-
- Other	174,934	126,983
Profit on disposal of tangible fixed assets (note 11)	(49)	(127)
<i>Auditors' Remuneration</i>		
Fees payable to the Group's auditors for the audit of the Group's annual accounts	1,557	797
Fees payable to the Group's auditors and their associates for other services to the Group	35	29
	<u>1,592</u>	<u>826</u>
Other services relate to		
- Taxation	<u>35</u>	<u>29</u>

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

EDF Trading Limited

Notes to the accounts

Year ended 31 December 2009

4. Staff costs

The average monthly number of Group employees (including executive directors) was 735 (2008 540) The number of employees at the end of December was 780 (2008 656)

Their aggregate remuneration comprised

	2009 €'000	2008 €'000
Employer's contribution to Group personal pension scheme	3,677	2,835
Social security costs	16,620	16,152
Wages and salaries	144,917	133,866
Total	<u>165,214</u>	<u>152,853</u>

5. Directors' remuneration

	2009 €'000	2008 €'000
Emoluments	<u>3,819</u>	<u>4,395</u>
Company contributions paid to money purchase pension schemes	<u>13</u>	<u>22</u>
The amounts in respect of the highest paid director are		
Emoluments	<u>3,317</u>	<u>3,734</u>
Company contributions paid to money purchase pension schemes	<u>13</u>	<u>22</u>
	No.	No.
The number of members in money purchase pension schemes	<u>1</u>	<u>1</u>

EDF Trading Limited

Notes to the accounts

Year ended 31 December 2009

6. Interest receivable, interest payable and similar charges

	2009 €'000	2008 €'000
<i>Interest receivable</i>		
Interest charged to EDF group companies	2,150	4,416
Interest on deposits and short-term investments	5,063	15,285
Interest on margin calls and collaterals	4,514	23,688
Share of associates' interest receivable	-	339
	<u>11,727</u>	<u>43,728</u>
<i>Interest payable</i>		
Interest charged by EDF group companies	33,608	31,051
Bank charges and other	2,781	1,066
Interest paid on margin calls and collaterals	3,380	9,663
Interest on short-term loans from banks	1,352	2,326
Unwinding of discount effect on long-term contract valuations	1,366	-
Share of associates' interest payable	5	-
	<u>42,492</u>	<u>44,106</u>

EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

7. Taxation

	2009 €'000	2008 €'000
Current tax		
UK corporation tax on profits for the year	(255,628)	(262,570)
Foreign tax	(34,650)	(46,294)
	<u>(290,278)</u>	<u>(308,864)</u>
Adjustments in respect of prior years		
- UK corporation tax	(8,294)	3,265
- Foreign tax	260	(298)
	<u>(298,312)</u>	<u>(305,897)</u>
Deferred tax (note 15)		
Origination and reversal of timing differences	50,702	16,421
Adjustment in respect of prior years	10,917	(2,660)
	<u>61,619</u>	<u>13,761</u>
	2009 €'000	2008 €'000
Group tax charge for period	<u>(236,693)</u>	<u>(292,136)</u>
Share of joint ventures' tax	<u>49</u>	<u>9</u>
Share of associates' tax	<u>(545)</u>	<u>(1,716)</u>
Total tax on profit on ordinary activities	<u>(237,189)</u>	<u>(293,843)</u>

EDF Trading Limited

Notes to the accounts

Year ended 31 December 2009

7. Taxation (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows

	2009 €'000	2008 €'000
Profit on ordinary activities before tax	879,418	1,012,256
Less share of associates' profit before tax	(3,632)	(9,642)
Less share of joint ventures' (loss)/ profit before tax	214	(22)
	<u>876,000</u>	<u>1,002,592</u>
Group profit on ordinary activities before tax		
Tax on group profit on ordinary activities at standard UK corporation tax rate of 28% (2008 28.5%)	(245,280)	(285,739)
Effects of		
Adjustment to tax charge in respect of prior periods	(8,034)	2,967
Expenses not deductible for tax purposes	(491)	(428)
Write down liability on gas caverns	-	411
Higher tax rates on overseas losses / (earnings)	5,493	(5,561)
Timing differences	(50,702)	(16,421)
Timing differences through reserves (note 21)	702	(1,126)
	<u>(298,312)</u>	<u>(305,897)</u>
Total current tax charge for period		

8. Dividend

The Company paid a dividend of €360,000,000 during 2009 (2008 €185,000,000). A dividend of €320,000,000 was declared by the directors on 16 February 2010.

EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

9. Intangible fixed assets

Group	Mining licences €'000	Terminal operating rights €'000	Total €'000
Cost			
At 1 January 2009	92,752	39,616	132,368
Reallocations (note 11)	(92,752)	140	(92,612)
At 31 December 2009	-	39,756	39,756
Accumulated Amortisation			
At 1 January 2009	-	(2,755)	(2,755)
Charge for the year	-	(1,986)	(1,986)
Reallocations	-	(140)	(140)
At 31 December 2009	-	(4,881)	(4,881)
Net book value			
At 31 December 2009	-	34,875	34,875
At 31 December 2008	92,752	36,861	129,613

Mining licences were reclassified to Mining resources in tangible fixed assets (note 11) as the Narrabri coal mining project entered its development phase with proven and probable reserves

The Company did not hold intangible assets at 31 December 2009 (2008 nil)

EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

10. Goodwill

Group	Positive goodwill €'000	Negative goodwill €'000	Total €'000
Cost			
At 1 January 2009	3,562	(3,483)	79
Write back of negative goodwill (note 3)	-	3,483	3,483
At 31 December 2009	3,562	-	3,562
Accumulated Amortisation			
At 1 January 2009	(3,562)	-	(3,562)
At 31 December 2009	(3,562)	-	(3,562)
Net book value			
At 31 December 2009	-	-	-
At 31 December 2008	-	(3,483)	(3,483)

Negative goodwill has been written back during 2009 as the related assets which had been acquired were realised at cost

EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

11. Tangible fixed assets

Group	Assets under construction €'000	Computer and communication equipment €'000	Furniture and fittings €'000	Land and buildings €'000	Leasehold improvements €'000	Plant and machinery €'000	Mining resources €'000	Total €'000
Cost								
At 1 January 2009	10,252	19,984	4,735	24,203	11,522	62,683	-	133,379
Additions	9,001	10,028	308	6,404	182	13,168	-	39,091
Reallocations	(10,815)	-	-	(2,461)	(140)	13,276	92,752	92,612
Disposals	-	(336)	-	-	-	(6,183)	(748)	(7,267)
Exchange adjustment	342	(23)	(14)	1,339	58	2,322	(2,289)	1,735
At 31 December 2009	8,780	29,653	5,029	29,485	11,622	85,266	89,715	259,550
Accumulated depreciation								
At 1 January 2009	-	(10,273)	(2,746)	(1,545)	(3,464)	(12,439)	-	(30,467)
Charge for the year	-	(6,489)	(753)	(591)	(2,638)	(7,103)	-	(17,574)
Disposals	-	336	-	-	-	5,992	-	6,328
Exchange adjustment	-	15	4	(125)	(56)	(420)	-	(582)
At 31 December 2009	-	(16,411)	(3,495)	(2,261)	(6,158)	(13,970)	-	(42,295)
Net book value								
At 31 December 2009	8,780	13,242	1,534	27,224	5,464	71,296	89,715	217,255
At 31 December 2008	10,252	9,711	1,989	22,658	8,058	50,244	-	102,912

Included in land and buildings are gas caverns developed on leased land

Included in additions for land and buildings is €2,301,000 increase in decommissioning provision with regards to land used for gas and coal storage (note 18)

Included in plant and machinery is net book value for leased assets of €125,000 (2008 €732,000)

EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

11. Tangible fixed assets (continued)

Company:	Computer and communication equipment €'000	Furniture and fittings €'000	Leasehold improvements €'000	Total €'000
Cost				
At 1 January 2009	16,866	4,310	10,442	31,618
Additions	7,220	38	60	7,318
Reallocations	-	-	(140)	(140)
At 31 December 2009	24,086	4,348	10,362	38,796
Accumulated depreciation				
At 1 January 2009	(8,764)	(2,504)	(2,730)	(13,998)
Charge for the year	(5,335)	(631)	(2,598)	(8,564)
At 31 December 2009	(14,099)	(3,135)	(5,328)	(22,562)
Net book value				
At 31 December 2009	9,987	1,213	5,034	16,234
At 31 December 2008	8,102	1,806	7,712	17,620

The Company did not lease tangible fixed assets at either balance sheet date

EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

12. Investments

	Group 2009 €'000	Company 2009 €'000	Group 2008 €'000	Company 2008 €'000
Associates	39,930	12,054	36,802	14,077
Subsidiary undertakings	-	290,164	-	154,097
Joint ventures	(12)	239	233	239
	<u>39,918</u>	<u>302,457</u>	<u>37,035</u>	<u>168,413</u>
Associate undertakings:				
	Group 2009 €'000	Company 2009 €'000	Group 2008 €'000	Company 2008 €'000
Share of net assets / cost				
At 1 January	40,262	14,077	33,919	15,838
Share of retained profit for the year / (dividend received)	783	(2,023)	6,343	(1,761)
At 31 December	<u>41,045</u>	<u>12,054</u>	<u>40,262</u>	<u>14,077</u>
Goodwill				
At 1 January	(3,460)	-	(5,624)	-
Negative goodwill written back (note 3)	2,345	-	2,164	-
At 31 December	<u>(1,115)</u>	<u>-</u>	<u>(3,460)</u>	<u>-</u>
Net book value	<u>39,930</u>	<u>12,054</u>	<u>36,802</u>	<u>14,077</u>

Negative goodwill is being written back on a straight-line basis over the period in which the related non-monetary assets of the acquired business are being depreciated or realised

EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

12. Investments (continued)

Subsidiary undertakings:

	Company 2009 €'000	Company 2008 €'000
Cost		
At 1 January	154,097	86,437
Additions	136,067	70,034
Write back of unpaid contingent consideration	-	(2,374)
At 31 December	<u>290,164</u>	<u>154,097</u>

Additions mainly represent increased investments in EDF Trading North America Incorporated and EDF Trading Australia Pty Limited

Joint ventures:

	Group 2009 €'000	Company 2009 €'000	Group 2008 €'000	Company 2008 €'000
Share of net assets / cost				
At 1 January	233	239	1	1
Additions	-	-	238	238
Share of retained loss for the year	(258)	-	(26)	-
Exchange adjustments	13	-	20	-
At 31 December	<u>(12)</u>	<u>239</u>	<u>233</u>	<u>239</u>

EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

12. Investments (continued)

The Group incorporates the following subsidiary undertakings, associates and joint ventures in group reporting

<i>Subsidiary undertakings</i>	Country of incorporation	Principal activity	Holding	%
Amstuw B V	Netherlands	Coal terminals	Ordinary shares	100
Cardinal Shipping Limited	Great Britain	Vessel ownership	Ordinary shares	100
EDF Trading (Switzerland) AG	Switzerland	Power trading	Ordinary shares	100
EDF Trading Australia Pty Limited	Australia	Participant in coal mining project	Ordinary shares	100
EDF Trading Electricidad y Gas, S L	Spain	Not trading	Ordinary shares	100
EDF Trading Gas Storage Limited	Great Britain	Natural gas storage	Ordinary shares	100
EDF Trading Logistics S A	France	Coal and oil logistics	Ordinary shares	100
EDF Trading Markets Limited	Great Britain	Arranger on behalf of the Company	Ordinary shares	100
EDF Trading Singapore Pte Limited	Singapore	Coal marketing	Ordinary shares	100
EDF Trading North America Incorporated	United States of America	Holding company for EDF Trading North America LLC (formerly known as Eagle Energy Partners I, L P), a wholesale energy transportation and gas storage company	Ordinary shares	100
EDF Trading Japan KK	Japan	Coal and freight trading	Ordinary shares	100
<i>Associates</i>				
ATIC Services S A	France	Coal handling and logistics	Ordinary shares	33 38
ENAG Energiefinanzierungs A G	Switzerland	Power trading	Ordinary shares	16
<i>Joint ventures</i>				
Westminster Shipping Limited	Great Britain	Vessel ownership	Ordinary shares	50
EDFT and Calyon S A (London branch)	Great Britain	Energy risk management and trading	n/a	n/a

EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

12. Investments (continued)

The Group incorporates the following branches in group reporting

<i>Branches</i>	Country of incorporation	Principal activity	Holding	%
EDF Trading Markets Limited (Paris branch)	France	Arranger on behalf of the Company	n/a	n/a
EDF Trading Limited (Oslo branch)	Norway	Power trading	n/a	n/a
EDF Trading Limited (Czech branch)	Czech Republic	Not trading from February 2008	n/a	n/a
EDF Trading Singapore Pte Limited (Beijing branch)	People's Republic of China	Marketing and origination	n/a	n/a

All subsidiary undertakings are held directly by the Company. The percentage shareholding also represents the Company's portion of the voting rights.

13. Stocks

	Group 2009 €'000	Company 2009 €'000	Group 2008 €'000	Company 2008 €'000
Coal trading stock	404,533	404,533	340,624	340,624
Emissions trading allowances	26,369	26,369	36,804	36,804
Natural gas	175,823	9,931	62,198	25,817
Other stock	12,270	10,465	12,482	11,004
Olive pulp and wood pellets	2,777	2,777	6,196	6,196
	<u>621,772</u>	<u>454,075</u>	<u>458,304</u>	<u>420,445</u>

Other stock consists mainly of coal purchased by the Company for supply to EDF. The Company is obliged to hold these stocks in reserve under the terms of an agreement with EDF.

Stock represents commodities held for trading purposes and is held at fair value. This varies from SSAP9 which requires stock to be held at the lower of cost and net realisable value. The cost of stocks held is estimated at €638,776,000 (2008: €502,910,000) for the Group and €532,731,000 (2008: €451,888,000) for the Company.



EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

14. Debtors

Amounts falling due within one year

	Group 2009 €'000	Company 2009 €'000	Group 2008 €'000	Company 2008 €'000
Derivatives (note 19)	8,505,044	8,355,392	8,230,394	8,184,352
Third party trade debtors	2,241,837	1,930,371	2,063,313	1,863,497
Amounts receivable from EDF group companies	1,862,172	1,861,690	1,369,254	1,369,125
Amounts receivable from EDF cash pool	535,784	535,784	572,020	572,020
Amounts receivable from Group companies	-	194,211	-	278,660
Deferred tax (note 15)	143,520	24,745	24,802	8,726
Prepayments	40,798	10,962	105,301	6,237
Other debtors	630,401	427,734	1,796,216	1,579,263
	<u>13,959,556</u>	<u>13,340,889</u>	<u>14,161,300</u>	<u>13,861,880</u>

Amounts falling due after more than one year

	Group 2009 €'000	Company 2009 €'000	Group 2008 €'000	Company 2008 €'000
Amounts receivable from EDF group companies	67,928	67,965	74,608	74,608
Amounts receivable from Group companies	-	71,887	-	57,075
Prepayments	41,596	31,409	47,375	32,755
	<u>109,524</u>	<u>171,261</u>	<u>121,983</u>	<u>164,438</u>

Prepayments relate mainly to the initial payments made on the commencement of certain long-term power purchase agreements and are amortised to the profit and loss account over the life of the contracts

15. Deferred tax

	Group 2009 €'000	Company 2009 €'000	Group 2008 €'000	Company 2008 €'000
Accelerated capital allowances	(17,846)	1,954	(3,542)	348
Timing differences on accruals	30,201	26,068	11,552	10,070
Timing differences on income recognition	106,512	-	9,709	-
Tax losses available	16,397	-	1,027	-
Other timing differences	(746)	(3,297)	2,764	(1,692)
	<u>134,518</u>	<u>24,725</u>	<u>21,510</u>	<u>8,726</u>

EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

15. Deferred tax (continued)

	Group 2009 €'000	Company 2009 €'000
<i>Movement in deferred tax</i>		
At 1 January 2009	21,510	8,726
Charged to profit and loss account (note 7)	61,619	18,249
Charged to statement of total recognised gains and losses (note 21)	(1,528)	(2,230)
Charged to profit and loss account in joint ventures	49	-
Reclassification to current tax	54,462	-
Exchange adjustment	(1,594)	-
At 31 December 2009	<u>134,518</u>	<u>24,745</u>
Deferred tax balance comprises of		
Deferred tax asset (note 14)	143,520	24,745
Deferred tax liability (note 18)	(9,002)	-
	<u>134,518</u>	<u>24,745</u>

The realisation of the deferred tax asset is dependent on the reversal of other timing differences and the future profitability of the Company and Group

The reclassification from deferred tax liability to current tax liability relates to the deferred tax liability recognised on acquisition of EDF Trading North America LLC (previously known as Eagle Energy Partners I, L P) which has now crystallised



EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

16. Creditors: amounts falling due within one year

	Group 2009 €'000	Company 2009 €'000	Group 2008 €'000	Company 2008 €'000
<i>Loans</i>				
Loans from EDF	-	-	350,000	350,000
<i>Other creditors</i>				
Derivatives (note 19)	7,415,502	6,916,286	6,575,798	6,317,231
Third party trade creditors	2,510,069	2,193,534	2,875,047	2,652,453
Amount owed to EDF group companies	860,444	860,107	1,894,499	1,894,251
Amount owed to Group companies	-	214,705	-	48,403
Accruals and other creditors	1,417,508	1,339,505	973,448	912,651
Deferred consideration payable	20,628	-	-	-
Corporation tax	167,933	148,060	161,092	126,597
Obligations under finance leases	393	-	719	-
	<u>12,392,477</u>	<u>11,672,197</u>	<u>12,480,603</u>	<u>11,951,586</u>
Creditors falling due within one year	<u>12,392,477</u>	<u>11,672,197</u>	<u>12,830,603</u>	<u>12,301,586</u>

EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

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

	Group 2009 €'000	Company 2009 €'000	Group 2008 €'000	Company 2008 €'000
<i>Loans</i>				
Loans from EDF	641,000	641,000	641,000	641,000
<i>Other creditors</i>				
Deferred income	42,339	42,339	41,266	41,266
Advances received	29,104	29,104	30,814	30,814
Deferred consideration payable	42,729	-	-	-
Obligations under finance leases	38	-	475	-
	114,210	71,443	72,555	72,080
Creditors falling due after more than one year	755,210	712,443	713,555	713,080
			Group 2009 €'000	Group 2008 €'000
Finance leases (net of finance charges) are repayable as follows				
- within one year			393	719
- between one and five years			38	475
			431	1,194

Loans from EDF include Euro bond issues, fully subscribed by EDF, bearing interest at rates between 3.10% and 3.49%. The bonds have maturities of varying duration up to November 2013.

EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

18. Provisions for liabilities and charges

	Group 2009 €'000	Company 2009 €'000	Group 2008 €'000	Company 2008 €'000
Contingent consideration	-	-	5,000	5,000
Deferred taxation (note 15)	9,002	-	3,292	-
Provision for decommissioning	4,055	-	1,582	-
Provision for onerous contract	1,393	1,393	1,700	1,700
Other provisions	1,137	-	1,555	-
	<u>15,587</u>	<u>1,393</u>	<u>13,129</u>	<u>6,700</u>

	Contingent consideration €'000	Decommis- sioning €'000	Onerous contract €'000	Other €'000	Total €'000
Group:					
At 1 January 2009	5,000	1,582	1,700	1,555	9,837
Charged to profit and loss account	-	-	-	18	18
Provision utilised	(4,600)	-	(307)	-	(4,907)
Capitalised to tangible assets (note 11)	-	2,301	-	-	2,301
Released unused	(400)	-	-	(436)	(836)
Adjustment arising from discounting	-	91	-	-	91
Exchange adjustment	-	81	-	-	81
At 31 December 2009	<u>-</u>	<u>4,055</u>	<u>1,393</u>	<u>1,137</u>	<u>6,585</u>
			Contingent consideration €'000	Onerous contract €'000	Total €'000
Company:					
At 1 January 2009			5,000	1,700	6,700
Provision utilised			(4,600)	(307)	(4,907)
Released unused			(400)	-	(400)
At 31 December 2009			<u>-</u>	<u>1,393</u>	<u>1,393</u>

EDF Trading Limited

Notes to the accounts

Year ended 31 December 2009

18. Provisions for liabilities and charges (continued)

Contingent consideration

Contingent consideration relates to the finalisation of permits for the Afrikahaven terminal within Amstuw B V and was settled during 2009

Decommissioning

A provision is recognised for expected dismantling of equipment and rectification of land used for gas storage, coal mining and coal storage. The provision assumes that most of these costs will be incurred in approximately 33 years for gas storage, 29 years for coal mining and 18 years for coal storage

Onerous contract

A provision is recognised to the extent that the Company is exposed to ongoing costs associated with the assignment of the lease on its former office

Other

Other provisions consist mainly of the cost of restoring railcars and sites used in the Group's logistics operation

19. Derivative financial instruments

Derivative financial instruments that are used by the Group and Company include forward foreign exchange contracts, interest rate swaps and commodity trading contracts

The Group and Company designate forward foreign exchange contracts as cash flow hedges of non-euro expenditures and commitments, and commodity trading contracts as fair value hedges for operating leases on dry bulk vessels. The Group also designates net investment hedges on investments on overseas subsidiaries

The fair value of derivative financial instruments at the balance sheet date is as follows

	Group 2009 €'000	Company 2009 €'000	Group 2008 €'000	Company 2008 €'000
Debtors				
Energy commodity contracts	8,145,946	7,996,294	7,369,329	7,323,287
Forward foreign exchange contracts	235,324	235,324	655,195	655,195
Interest rate swaps	123,774	123,774	205,870	205,870
	<u>8,505,044</u>	<u>8,355,392</u>	<u>8,230,394</u>	<u>8,184,352</u>

Included in forward foreign exchange contracts are derivatives that are designated and effective as hedging instruments. The fair value of hedging instruments included in debtors is €26,915,000 (2008: €13,980,000)



EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

19. Derivative financial instruments (continued)

	Group 2009 €'000	Company 2009 €'000	Group 2008 €'000	Company 2008 €'000
Creditors				
Energy commodity contracts	6,944,595	6,445,379	5,644,001	5,385,435
Forward foreign exchange contracts	322,273	322,273	680,560	680,560
Interest rate swaps	148,634	148,634	251,237	251,237
	<u>7,415,502</u>	<u>6,916,286</u>	<u>6,575,798</u>	<u>6,317,231</u>
Net open positions	<u>1,089,542</u>	<u>1,439,106</u>	<u>1,654,596</u>	<u>1,867,121</u>
Realisation profile of derivative financial instruments				
	Group 2009 €'000	Company 2009 €'000	Group 2008 €'000	Company 2008 €'000
Within 12 months	724,928	702,330	938,123	1,150,648
Beyond 12 months	364,614	736,776	716,473	716,473
	<u>1,089,542</u>	<u>1,439,106</u>	<u>1,654,596</u>	<u>1,867,121</u>

Included in forward foreign exchange contracts and energy commodity contracts are derivatives that are designated and effective as hedging instruments. The fair value of hedging instruments included in creditors is €700,000 (2007: €138,529,252).

Movement of (€401,586) (2008: €1,253,517) in unrealised (losses) / profits has been recognised in the consolidated profit and loss account for the year.

20. Called up share capital

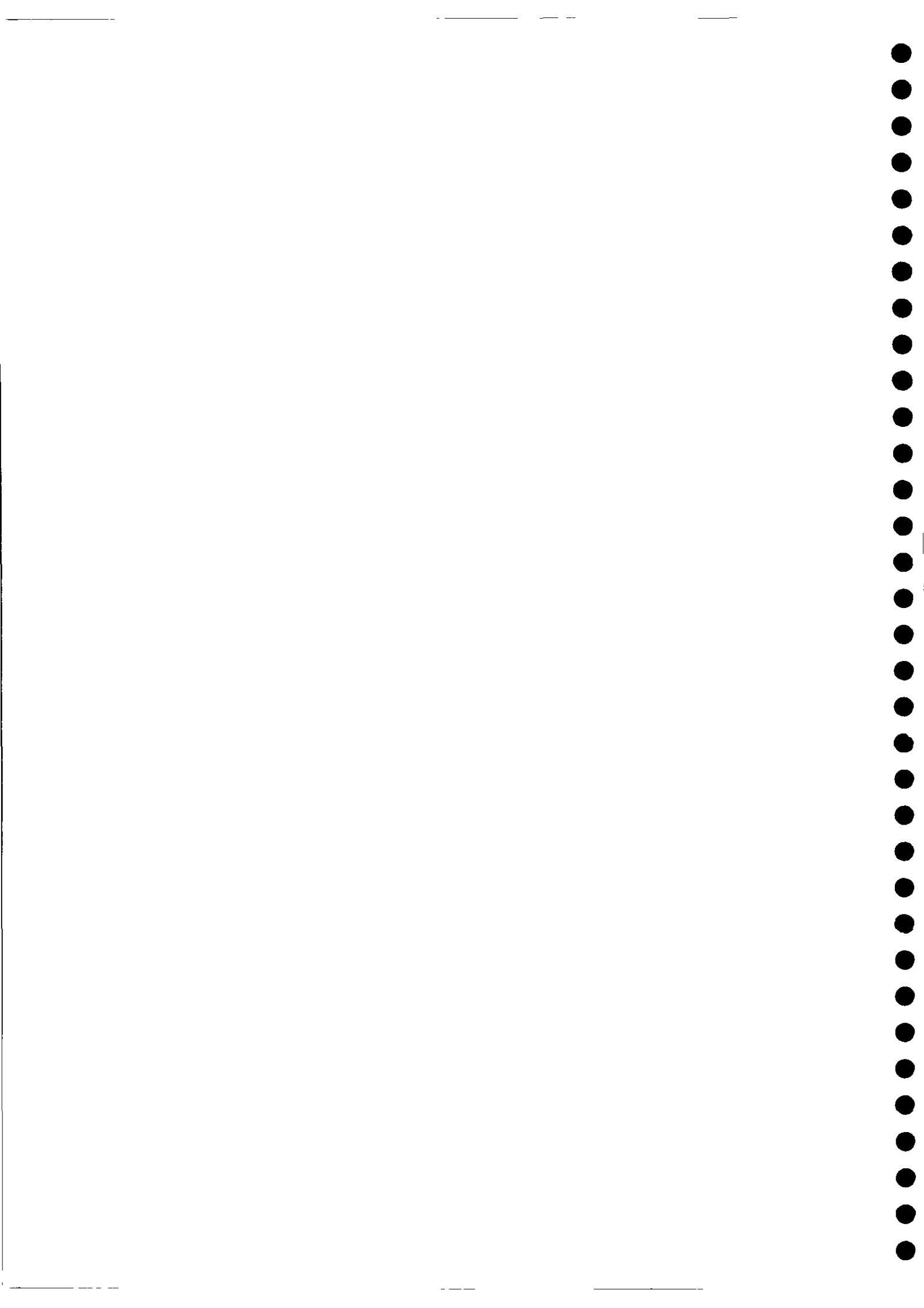
	2009 €'000	2008 €'000
Authorised, called up, allotted and fully paid		
81,000,000 ordinary shares of €1 each	<u>81,000</u>	<u>81,000</u>

EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

21. Reconciliation of shareholder's funds and movement on reserves

	Share capital 2009 €'000	Capital redemption reserve 2009 €'000	Other reserves 2009 €'000	Profit and loss account 2009 €'000	Total share- holder's funds 2009 €'000	Total share- holder's funds 2008 €'000
Group						
At 1 January	81,000	9,138	(4,752)	1,592,628	1,678,014	1,145,345
<i>Cash flow hedge</i>						
Fair value gains / (losses) in year	-	-	7,964	-	7,964	3,586
Tax on fair value (gains) / losses in year (note 15)	-	-	(2,230)	-	(2,230)	(1,004)
Dividends paid	-	-	-	(360,000)	(360,000)	(185,000)
Foreign exchange adjustment	-	-	6,614	-	6,614	(6,237)
<i>Net investment hedges</i>						
Fair value (losses)/ gains in year	-	-	(2,506)	-	(2,506)	4,037
Tax on fair value losses/ (gains) in year (notes 7,15)	-	-	702	-	702	(1,126)
Profit for the year	-	-	-	642,229	642,229	718,413
At 31 December	<u>81,000</u>	<u>9,138</u>	<u>5,792</u>	<u>1,874,857</u>	<u>1,970,787</u>	<u>1,678,014</u>
	Share capital 2009 €'000	Capital redemption reserve 2009 €'000	Other reserves 2009 €'000	Profit and loss account 2009 €'000	Total share- holder's funds 2009 €'000	Total share- holder's funds 2008 €'000
Company						
At 1 January	81,000	9,138	(301)	1,552,230	1,642,067	1,120,963
<i>Cash flow hedge</i>						
Fair value gains / (losses) in year	-	-	7,964	-	7,964	3,586
Tax on fair value (gains) / losses in year (note 15)	-	-	(2,230)	-	(2,230)	(1,004)
Dividends paid	-	-	-	(360,000)	(360,000)	(185,000)
Foreign exchange adjustment	-	-	-	-	-	-
Profit for the year	-	-	-	661,465	661,465	703,522
At 31 December	<u>81,000</u>	<u>9,138</u>	<u>5,433</u>	<u>1,853,695</u>	<u>1,949,266</u>	<u>1,642,067</u>



EDF Trading Limited

Notes to the accounts Year ended 31 December 2009

22. Pension commitments

The Group makes payments to a defined contribution group personal pension scheme for its employees. Contributions are made based on a percentage of the employees' salary. The unpaid contributions outstanding at the year-end, included in Accruals and other creditors (note 16), are €561,000 (2008: €125,981).

23. Commitments and contingencies

The Group's commitments are as follows:

	Group 2009 €'000	Company 2009 €'000	Group 2008 €'000	Company 2008 €'000
Capital expenditure commitments (contracted for but not provided for)	65,957	-	45,969	2,100
Lease commitments				
Annual amounts for operating leases using year end exchange rates				
- expiry date within one year	18,056	13,505	41,809	41,806
- expiry date between one and five years	55,246	52,274	49,433	48,239
- expiry date after five years	39,194	39,194	43,132	43,132
Annual amounts for leases of land and buildings using year end exchange rates				
- expiry date within one year	142	-	93	-
- expiry date between one and five years	3,107	2,321	534	173
- expiry date after five years	7,327	3,298	7,099	3,075
	123,072	110,592	142,100	136,425

Bank guarantees and letters of credit

The Company and Group have given bank guarantees and letters of credit to various counterparties in relation to energy trading and transportation activities. No material losses are likely to arise from such commitments. The value of these commitments for the Company and the Group at the year end is €476,755,824 (2008: €510,481,534).

24. Related party transactions

The Company has taken advantage of the exemption given to subsidiaries by FRS 8, paragraph 3 (a) from disclosing related party transactions with other group companies.

25. Ultimate parent company

Electricité de France S.A. ("EDF"), incorporated in France, is the ultimate parent undertaking of the largest and smallest Group for which group accounts are prepared, and is the controlling entity. Copies of the group accounts of EDF are publicly available and can be obtained from the registered office at 22-30 Avenue de Wagram, 75008 Paris, France.