

EDF Trading Limited
Annual report and financial statements
for the year ended 31 December 2015

Registered number: 3750288



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EDF Trading Limited

Report and financial statements

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EDF Trading Limited

Report and financial statements

Officers and professional advisers

Directors

Antoine Cahuzac
Marianne Laigneau
Sabine Le Gac
Robert Guyler (appointed 5/5/2015)
Bruno Lescoeur
Thomas Piquemal (resigned 7/3/2016)
John Rittenhouse
Simone Rossi
Philippe Torrion
Magali Viandier
Steven Wolfram

Secretary

R W Quick

Registered Office

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

Auditor

Deloitte LLP
Chartered Accountants
London, United Kingdom

EDF Trading Limited

Report and financial statements

Strategic report

EDF Trading Limited ("the Company" or "EDFT") and its direct and indirect wholly-owned subsidiaries, joint ventures and associates (together the "Group") is a leader in global wholesale energy products (power, gas, coal, freight, LNG and carbon emissions credits) and is active in the wholesale markets, and related activities including the management of transportation and logistics.

The Group's year on year traded volumes were:

| Traded volumes per commodity (physical and derivatives) | Unit | 2015 | 2014 |
|---|----------------|-------|-------|
| Power | TWh | 2,768 | 2,294 |
| Gas | Billion therms | 112 | 96 |
| Coal | Million tonnes | 845 | 619 |
| Freight | Million tonnes | 400 | 351 |
| CO ₂ | Million tonnes | 163 | 408 |
| LNG | Billion therms | 1 | 2 |

During 2015 the Group has continued to develop its EDF Group optimisation and integration activities in all its trading regions. In particular, EDFT has protected the intrinsic value and enhanced the extrinsic value of EDF Group's various European assets through its hedging and optimisation service proposal to Group entities. On top of this core activity, EDFT has successfully pursued and developed its third party and proprietary trading activities across the world under a very tight risk control framework. EDFT has developed in particular its business in Asia, notably securing a long term supply and optimisation contract in Korea and a new collaboration agreement with two Japanese utilities.

Energy commodity markets have generally reflected the global economic situation leading to depressed market conditions, particularly in Europe on the back of strong oil, gas and coal supply and reduced energy demand driven by a slowdown in global growth and mild weather across 2015.

Despite relatively low volatility and reduced commodity prices EDFT has continued to trade profitably. In 2015 EDFT generated €510,428,000 net trading margin (2014: €575,693,000). The Group's operating profit for 2015 is €316,552,000 (2014: €415,095,000). The Group's 17.5% share of EDF Inc's income significantly reduced the profit for the period.

EDFT continues to maintain an effective system of internal controls, market risk management and credit risk management, for details please refer to the Risk Management section of the Directors' Report.

EDFT's management, with the full support of the Board of directors, will strive to continue to achieve strong trading performance across both mature and evolving energy markets alongside the development of new products such as LNG and LPG trading. The EDFT Group aims to continue serving as a pioneer and platform for EDF Group development into new energy services and geographies.

Approved by the Board of Directors and signed on behalf of the board



R W Quick

Secretary

9th June 2016

Third floor, Cardinal Place

80 Victoria Street

London

SW1E 5JL

EDF Trading Limited

Report and financial statements

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

Results and dividends

The Group recognised profit after tax for the year of €186,892,000 (2014: €311,044,000). The accounts for the year ended 31 December 2015 are set out on pages 12 to 57. Two dividend payments were effected in 2015, a first payment of €309,017,000 was declared and paid in May 2015 in consideration of the 2014 actual performance (2014: €251,294,000). A second payment of €245,000,000 was declared and paid in December 2015 in consideration of the 2015 expected performance.

Conversion to IFRS

The directors decided to convert from UKGAAP to IFRS, effective on 1 January 2014. Note 31 provides more details on the transition.

Risk Management

Robust global framework

EDFT is highly disciplined in its application of business controls. We work within a comprehensive framework encompassing strong processes, robust governance, systematic risk & control reviews and a continuous improvement approach to ensure every activity is properly managed and controlled with a view to achieve "best in class" performance. Similarly, the global control framework itself is regularly assessed and revised when necessary to reflect changes affecting the markets in which we operate.

We have enhanced our control mechanisms in line with the stronger trading and banking regulations introduced since the 2008 financial crisis (EMIR and REMIT in particular). All of these changes are set against a marketplace in which traditional supply and demand pricing continues to be influenced by regional and national policies aimed at reducing energy consumption and building a lower carbon economy and regulatory policies strive for greater market transparency and reduction in systemic risk.

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.

The Chief Executive is responsible for the management of risks through the roll-out and constant control of an effective framework of risk management principles and policies. The Chief Executive has established three global committees to oversee risk management:

Global Risk Committee (GRC):

The GRC oversees all aspects of market risk controls for EDFT's existing trading activities. The Committee sets the trading risk limits and approves all changes to existing risk limits ensuring that they remain appropriate in relation to EDFT's Risk Mandate and company capital utilisation. The Committee manages breaches of limits and proposes the course of action to the CEO and/or the Board, where appropriate. The Committee regularly reviews the trading strategies and market risks across the entire portfolio and approves any changes in EDFT's market risk measurements and management framework.

New Business Committee (NBC):

The NBC oversees all aspects of market risk and operational risk management of proposals for new/exotic transaction types and business ventures. The Committee assesses the strategic fit with EDFT's existing business, any embedded risks, economics and risk/return profile of the new transaction or business venture and if the Company is adequately capitalised. The Committee determines whether EDFT is prepared to accept the risk associated with new/exotic transaction types and activities and, if appropriate, new risk parameters.

Global Credit Committee (GCC):

The GCC 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. The GCC is also in charge of embedding the Know Your Customer (KYC) policy for the Group.

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.

EDF Trading Limited

Report and financial statements

Directors' report (continued)

Market risks

The primary market risks within the business are the exposures to energy prices, foreign exchange and interest rates; value-at-risk is our primary mechanism for market risk measurement but is also complimented by a number of other measurements/limits such as stress tests, volumetric limits and peak to current limits depending on the product. All 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 maximum potential profit or loss that might arise if current positions were unchanged over one business day at a 97.5% confidence level. The Risk Committee has allocated VaR limits to all trading desks and daily risk reports are produced for all major risk categories - power, gas, oil, coal, freight and carbon emissions - to monitor VaR exposure. At 31 December 2015, the VaR limit for the Group trading books (excluding Chubu and EDF Paliwa businesses) was €22,600,000 (2014: €24,300,000). The average VaR utilisation during 2015 was €5,455,061 (2014: €7,859,521). 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.

Trading books

The Risk Committee has established a trading book structure. Trading books define the reporting structure for all activity in forward contracts, swaps, options and futures, and are categorised by global business unit (e.g. European Power) and trading desk (e.g. UK Power).

Trading losses (Peak to current limits)

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. All new structured transactions require the approval of the New Business Committee.

The New Business 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 liquidity are conducted regularly to ensure that hedgeable risks are transferred to trading books and that quantum of non hedgeable exposure is fully understood and controlled. The structured transaction accounts are subject to regular stress testing by the Market Risk department. The capital requirements for structured transactions are reviewed and updated on a regular basis by the Market Risk department.

Credit risk

EDFT's credit risk management is a global discipline supported by consistent systems, processes and controls across Europe and Asia.

The Global Credit Committee, whose members include Executive Management, review and approve credit risk methodologies, frameworks and controls. Counterparty exposure and term limits based on a qualitative and quantitative assessment of the counterparty are evaluated by a Global or Local Credit Committee. The assessment includes a review of a sector, business model, corporate structure and management. A detailed quantitative assessment includes an analysis of financial ratios, cash flow and liquidity assessment as well as an estimation of the potential future financial exposure to the specific counterparty. The analysis is used to determine an internal rating to calculate default probabilities and recovery rates and credit pricing.

The following table summarises the internal rating of counterparts and splits our counterparty exposure accordingly.

| | >AA | A | BBB | BB | B | C> |
|------|-----|-----|-----|-----|----|-----|
| 2015 | <1% | 45% | 35% | 12% | 7% | <1% |
| 2014 | <1% | 60% | 21% | 14% | 5% | <1% |

EDF Trading Limited

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Directors' report (continued)

This approach allows EDFT to agree maximum limits per counterpart in terms of both financial exposure and tenor.

A strong credit risk culture established across all business functions provides the foundation of EDFT's credit risk management processes. Exposures are reviewed daily and limit utilisation reports together with directives to manage exposures are sent to all commercial teams on a daily basis. The credit team works in partnership with the legal team to ensure effective contractual mitigation for example; close-out netting, third party guarantees, liens, collateral or contractual covenants.

EDFT has designed and implemented a credit event identification programme to ensure that in the event of deterioration in market conditions, sector or counterparties, action is taken to minimise loss. The plan includes continuous assessment and intensive credit monitoring of counterparties, sectors and sovereigns.

EDFT works to support the development of credit risk management and mitigation techniques across the global energy sector. There is active participation in industry working groups involved in the development of contractual arrangements and clearing initiatives.

Interest rate risk

The Group also monitors its interest rate risk, considering any material exposures. Interest rate swaps and futures are used to manage the interest rate risk arising from medium-term trading positions and long-term 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 or systems.

We assess the level of operational risk across all business lines and physical assets and implement measures to mitigate areas of exposure including health and safety, environmental and operational performance. We employ a Top-Down approach to risk mapping and perform a Bottom-Up review of our key risks across all main desks in order to further increase the robustness of our risk matrix.

Our business transaction policies, which govern the activities of all employees, are regularly updated to address operational risk. Central to this is that procedures for gaining authorisation for new business or trading instruments must undergo a rigorous operational authorisation process.

For each physical functional area of our business we have documented and implemented operating procedures designed to prevent the occurrence of operational errors. However, should an error occur, we have early detection mechanisms in place to allow prompt implementation of corrective actions to minimise the impact.

In the critical area of system outage risk, we have back-up systems and procedures to manage every degree of incident ranging from short-term disruptions to full-scale disaster recovery.

Performance indicators are used to monitor the effectiveness of key operational processes and provide assurance that the processes are functioning effectively. The indicators are reviewed by individual business managers and reported to the Chief Executive, Chief Commercial Officer, Chief Risk and Operations Officer and Chief Financial Officer on a regular basis.

EDF Trading Limited

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Directors' report (continued)

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 ensures 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 international accounting principles. The overall valuation of the trading portfolio includes an allowance for credit and operational risks. The market prices used to value the 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. Risk 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.

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.

EDFT has also developed a Return on Capital Employed metric to measure and assess the performance of each desk based on the level of economic capital necessary to produce net income. While the range of ROCE varies significantly desk by desk, EDFT's overall Return On Capital Employed ("ROCE") stands at 14% for 2015 compared to a WACC of 6.2% representing a significant level of value creation.

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's funding facilities are wholly provided by EDF. EDFT also participate in EDF cash pooling, long term loan 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 severe market events. As at 31 December 2015, the Group had total available liquidity of €2,857,000,000 (2014: €2,370,844,000). EDFT also have a €60,000,000 uncommitted overdraft facility 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 which is most appropriate for the principal trading activity. The Group also transacts in other currencies, principally pounds sterling (UK power and gas) and US dollars (coal, freight and LNG). When currency exposure arises as a result of purchase and sale commitments in foreign currency, forward foreign exchange transactions are used to hedge the exposure.

Integrated IT

Robust, fit-for-purpose IT is at the heart of EDFT's business operations and supports our ability to price accurately, develop new products and structures, deliver embedded transaction monitoring and controls and comply with new rules and regulations. It provides us with a consistent risk management framework incorporating standardised systems, processes and controls throughout all our offices. The functionality of our systems is such that it enables our risk teams to spend more time analysing data rather than compiling it, which improves the speed and accuracy of decision-making.

New system developments in 2015 include an EMIR reporting platform featuring operational dashboards for our contracts and settlements teams and affiliate reporting for EDF Group companies. We also further developed our global VaR platforms, implemented a derivatives trading platform to align our European and Asian businesses, and built a new trade entry system with specific enhancements for our environmental products and coal desks.

EDF Trading Limited

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Directors' report (continued)

Company secretary

R W Quick served as company secretary during the year.

Directors

The directors, who served during the year, are noted on page 3 and, except as disclosed, served throughout the year and to the date of this report.

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 and reasonable adjustments to their existing role if possible). 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 in particular through the EDFT intranet site, which includes updates by management, formal and informal meetings as appropriate, regular email updates to all staff in the form of a staff bulletin, an EDFT newsletter issued every two months, 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.

Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Deloitte LLP has expressed their willingness to continue in office as auditor 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

9th June 2016

Third floor, Cardinal Place

80 Victoria Street

London

SW1E 5JL

EDF Trading Limited

Report and financial statements

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group, and of the profit or loss of the Company and Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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.

EDF Trading Limited

Report and financial statements

Independent auditor's report to the member of EDF Trading Limited

We have audited the financial statements of EDF Trading Limited for the year ended 31 December 2015 which comprise of the Group Statement of Comprehensive Income, Group and Company Statements of Financial Position, Cash Flow Statements, Statements of Changes in Equity and the related notes 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's member, 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 member those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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.



David Paterson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
9th June 2016

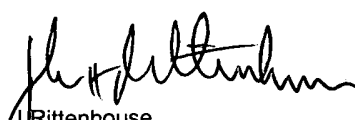
EDF Trading Limited
Consolidated statement of comprehensive income
For the year ended 31 December 2015

| | | | (restated - note 31) |
|---|------|--------------------------------|--------------------------------|
| | | Year ended 2015 €'000 | Year ended 2014 €'000 |
| | Note | | |
| Net trading income | 3 | 510,428 | 575,693 |
| Other operating income | | 3,474 | 13,453 |
| Administrative expenses | | (154,718) | (147,918) |
| Other operating expenses | | (42,632) | (26,133) |
| Operating profit | | <u>316,552</u> | <u>415,095</u> |
| Other gains and losses | 8 | 3,947 | 4,827 |
| Investment revenue | 7 | 14,095 | 30,824 |
| Finance costs | 9 | (23,142) | (50,073) |
| Profit before taxes of consolidated companies | | <u>311,452</u> | <u>400,673</u> |
| Tax | 10 | (71,166) | (85,836) |
| Share of results of associates | | (53,394) | (3,793) |
| Profit for the period | 4 | <u><u>186,892</u></u> | <u><u>311,044</u></u> |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Gains / (losses) on cash flow hedges arising during the period | | (4,147) | (1,057) |
| Deferred income tax relating to cash flow hedges | 10 | 1,159 | (202) |
| Gains / (losses) on a hedges of a net investment taken to equity | | (90,176) | (93,830) |
| Deferred income tax relating to hedges of a net investment | 10 | (7,647) | 18,933 |
| Movement in Associates other comprehensive income | | (15,146) | (29,080) |
| Exchange differences on translation of foreign operations | | 73,746 | 84,427 |
| Other Comprehensive (expense)/income for the period net of tax | | <u>(42,211)</u> | <u>(20,809)</u> |
| Total Comprehensive income for the period | | <u><u>144,681</u></u> | <u><u>290,235</u></u> |

EDF Trading Limited
Consolidated statement of financial position
As at 31 December 2015

| | | | (restated - note 31) | (restated - note 31) |
|-----------------------------------|------|-------------------|-------------------------|-------------------------|
| | | 2015 | 2014 | 2013 |
| | Note | €'000 | €'000 | €'000 |
| Non-current assets | | | | |
| Intangible assets | 12 | 25,687 | 29,770 | 33,454 |
| Property, plant and equipment | 13 | 201,175 | 224,045 | 278,245 |
| Interest in associates | 15 | 569,093 | 567,338 | 536,847 |
| Derivative financial assets | 22 | 2,624,979 | 2,361,991 | 2,074,646 |
| Other assets | | 61,886 | 62,494 | 79,030 |
| Deferred tax asset | 23 | 26,782 | 35,651 | 10,218 |
| | | <u>3,509,602</u> | <u>3,281,289</u> | <u>3,012,440</u> |
| Current assets | | | | |
| Inventories | 16 | 323,530 | 435,215 | 452,647 |
| Prepaid expenses and other assets | | 26,978 | 41,309 | 19,226 |
| Cash and bank balances | 17 | 96,489 | 71,368 | 400,454 |
| Derivative financial assets | 22 | 4,666,630 | 3,694,395 | 1,993,288 |
| Trade and other receivables | 18 | 5,560,362 | 5,016,480 | 5,435,560 |
| Loans and receivables | 20 | 36,279 | 120,621 | 694,410 |
| | | <u>10,710,268</u> | <u>9,379,388</u> | <u>8,995,585</u> |
| | | <u>14,219,870</u> | <u>12,660,677</u> | <u>12,008,025</u> |
| Total assets | | | | |
| Current liabilities | | | | |
| Current tax liabilities | | 16,529 | 43,284 | 27,744 |
| Derivative financial liabilities | 22 | 4,519,617 | 3,667,361 | 1,681,969 |
| Trade and other payables | 19 | 4,476,583 | 3,766,070 | 4,477,004 |
| | | <u>9,012,729</u> | <u>7,476,715</u> | <u>6,186,717</u> |
| | | <u>1,697,539</u> | <u>1,902,673</u> | <u>2,808,868</u> |
| Net current assets | | | | |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 23 | 7,326 | 7,228 | 14,081 |
| Provisions | 24 | 55,002 | 43,562 | 54,016 |
| Borrowings | 21 | 466,921 | 467,040 | 1,453,818 |
| Derivative financial liabilities | 22 | 2,328,288 | 1,889,246 | 1,616,009 |
| Trade and other payables | 19 | 33,423 | 44,737 | - |
| Other liabilities | | 26,522 | 33,154 | 23,330 |
| | | <u>2,917,482</u> | <u>2,484,967</u> | <u>3,161,254</u> |
| | | <u>11,930,211</u> | <u>9,961,682</u> | <u>9,347,971</u> |
| Total liabilities | | | | |
| Net assets | | | | |
| | | <u>2,289,659</u> | <u>2,698,995</u> | <u>2,660,054</u> |
| Equity | | | | |
| Share capital | 25 | 81,000 | 81,000 | 81,000 |
| Capital redemption reserve | | 9,138 | 9,138 | 9,138 |
| Hedging and translation reserves | 26 | (34,357) | (7,292) | (15,563) |
| Other reserves | | 306,408 | 321,554 | 350,634 |
| Retained earnings | | 1,927,470 | 2,294,595 | 2,234,845 |
| Total equity | | <u>2,289,659</u> | <u>2,698,995</u> | <u>2,660,054</u> |

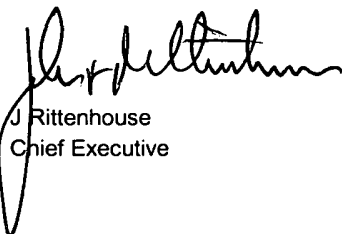
The financial statements were approved by the Board of Directors and authorised for issue on 9th June 2016. Signed on behalf of the Board of Directors


J. Rittenhouse
Chief Executive

EDF Trading Limited
Company statement of financial position
As at 31 December 2015

| | | | (restated - note 31) | (restated - note 31) |
|-----------------------------------|------|-------------------|-------------------------|-------------------------|
| | | 2015 | 2014 | 2013 |
| | Note | €'000 | €'000 | €'000 |
| Non-current assets | | | | |
| Property, plant and Equipment | 13 | 2,714 | 3,637 | 6,223 |
| Other assets | | 100,782 | 100,394 | 69,044 |
| Investment in subsidiaries | 14 | 250,679 | 250,332 | 261,717 |
| Interest in associates | 15 | 739,997 | 739,997 | 739,997 |
| Derivative financial assets | 22 | 2,625,281 | 2,341,522 | 1,702,664 |
| Deferred tax asset | 23 | 10,225 | 22,690 | 5,346 |
| | | <u>3,729,678</u> | <u>3,458,572</u> | <u>2,784,991</u> |
| Current assets | | | | |
| Inventories | 16 | 320,447 | 431,929 | 448,956 |
| Prepaid expenses and other assets | | 25,924 | 40,299 | 17,601 |
| Derivative financial assets | 22 | 4,667,166 | 3,662,382 | 2,351,298 |
| Trade and other receivables | 18 | 5,477,910 | 4,950,145 | 5,333,283 |
| Cash and bank balances | 17 | 59,810 | 20,628 | 302,647 |
| Loans and receivables | 20 | - | 82,719 | 644,991 |
| | | <u>10,551,257</u> | <u>9,188,102</u> | <u>9,098,776</u> |
| Total assets | | <u>14,280,935</u> | <u>12,646,674</u> | <u>11,883,767</u> |
| Current liabilities | | | | |
| Trade and other payables | 19 | 4,527,389 | 3,797,151 | 4,280,959 |
| Derivative financial liabilities | 22 | 4,522,028 | 3,631,855 | 1,956,597 |
| Current tax liabilities | | 5,820 | 42,658 | 16,122 |
| | | <u>9,055,237</u> | <u>7,471,664</u> | <u>6,253,678</u> |
| Non-current liabilities | | | | |
| Provisions | 24 | 53,950 | 42,227 | 47,756 |
| Borrowings | 21 | 451,323 | 450,833 | 1,435,422 |
| Derivative financial liabilities | 22 | 2,329,529 | 1,870,956 | 1,359,668 |
| Other liabilities | | 26,529 | 33,091 | 22,254 |
| | | <u>2,861,331</u> | <u>2,397,107</u> | <u>2,865,100</u> |
| Total liabilities | | <u>11,916,568</u> | <u>9,868,771</u> | <u>9,118,778</u> |
| Net assets | | <u>2,364,367</u> | <u>2,777,903</u> | <u>2,764,989</u> |
| Equity | | | | |
| Share capital | 25 | 81,000 | 81,000 | 81,000 |
| Capital redemption reserve | | 9,138 | 9,138 | 9,138 |
| Hedging and translation reserves | 26 | (3,905) | 1,097 | 289 |
| Retained earnings | | 1,712,974 | 2,121,508 | 2,109,402 |
| Other reserves | | 565,160 | 565,160 | 565,160 |
| Total Equity | | <u>2,364,367</u> | <u>2,777,903</u> | <u>2,764,989</u> |

The financial statements of EDF Trading Limited, registered company number 3750288, were approved by the Board of Directors and authorised for issue on 9th June 2016. Signed on behalf of the Board of Directors



J Rittenhouse
Chief Executive

EDF Trading Limited
Consolidated statement of changes in equity

| Equity attributable to equity holders of the Company | | | | | | | |
|--|------|---------------------------|--------------------------------|---|----------------------------|-------------------------------|----------------|
| | Note | Share Capital €'000 | Capital redemption €'000 | Hedging and translation reserves €'000 | Other reserves €'000 | Retained Earnings €'000 | Total €'000 |
| At 1 January 2014 | | 81,000 | 9,138 | (15,662) | 350,604 | 2,243,456 | 2,668,536 |
| Effect of change in accounting policy for IFRS 1 (note 31) | | - | - | 99 | 30 | (8,611) | (8,482) |
| As restated | | 81,000 | 9,138 | (15,563) | 350,634 | 2,234,845 | 2,660,054 |
| Profit for the period | | - | - | - | - | 311,044 | 311,044 |
| Other comprehensive (expense)/income for the period | | - | - | 8,271 | (29,080) | - | (20,809) |
| Total comprehensive income for the period | | - | - | 8,271 | (29,080) | 311,044 | 290,235 |
| Dividends | 11 | - | - | - | - | (251,294) | (251,294) |
| At 31 December 2014 | | 81,000 | 9,138 | (7,292) | 321,554 | 2,294,595 | 2,698,995 |
| Profit for the period | | - | - | - | - | 186,892 | 186,892 |
| Other comprehensive expense for the period | | - | - | (27,065) | (15,146) | - | (42,211) |
| Total comprehensive income for the period | | - | - | (27,065) | (15,146) | 186,892 | 144,681 |
| Dividends | 11 | - | - | - | - | (554,017) | (554,017) |
| At 31 December 2015 | | 81,000 | 9,138 | (34,357) | 306,408 | 1,927,470 | 2,289,659 |

Other reserves includes unrealised profits generated on the disposal of a subsidiary in 2012 (€298m at 31 December 2015) and the Group's share of associate's other comprehensive income.

EDF Trading Limited
Company statement of changes in equity

Equity attributable to equity holders of the Company

| | Note | Share capital €'000 | Capital redemption €'000 | Hedging and translation reserves €'000 | Other reserves €'000 | Retained Earnings €'000 | Total €'000 |
|---|------|---------------------------|--------------------------------|---|----------------------------|-------------------------------|------------------|
| At 1 January 2014 | | 81,000 | 9,138 | 289 | 565,160 | 2,116,215 | 2,771,802 |
| Effect of change in accounting policy for IFRS 1 (note 31) | | - | - | - | - | (6,813) | (6,813) |
| As restated | | <u>81,000</u> | <u>9,138</u> | <u>289</u> | <u>565,160</u> | <u>2,109,402</u> | <u>2,764,989</u> |
| Profit for the period | | - | - | - | - | 263,400 | 263,400 |
| Other comprehensive income for the period | | - | - | 808 | - | - | 808 |
| Total comprehensive income for the period | | <u>-</u> | <u>-</u> | <u>808</u> | <u>-</u> | <u>263,400</u> | <u>264,208</u> |
| Dividends | 11 | - | - | - | - | (251,294) | (251,294) |
| At 31 December 2014 | | <u>81,000</u> | <u>9,138</u> | <u>1,097</u> | <u>565,160</u> | <u>2,121,508</u> | <u>2,777,903</u> |
| Profit for the period | | - | - | - | - | 145,483 | 145,483 |
| Other comprehensive expense for the period | | - | - | (5,002) | - | - | (5,002) |
| Total comprehensive income for the period | | <u>-</u> | <u>-</u> | <u>(5,002)</u> | <u>-</u> | <u>145,483</u> | <u>140,481</u> |
| Dividends | 11 | - | - | - | - | (554,017) | (554,017) |
| At 31 December 2015 | | <u>81,000</u> | <u>9,138</u> | <u>(3,905)</u> | <u>565,160</u> | <u>1,712,974</u> | <u>2,364,367</u> |

Other reserves includes unrealised profits generated on the disposal of a subsidiary in 2012 (€565m at 31 December 2015).

EDF Trading Limited
Consolidated cash flow statement
For the year ended 31 December 2015

| | | Year ended 2015 €'000 | Year ended 2014 €'000 |
|--|-------------|--|--|
| | Note | | |
| Operating activities | | | |
| Operating profit | | 316,552 | 415,095 |
| Depreciation of tangible fixed assets | 13 | 19,691 | 19,562 |
| Impairment of tangible fixed assets | 13 | 19,039 | 2,914 |
| Amortisation of intangible assets | 12 | 4,083 | 3,684 |
| Provisions charged/(released) in the year | 24 | 11,391 | (5,501) |
| Operating cash flows before movements in working capital | | 370,756 | 435,754 |
| (Increase) / decrease in inventories | | 111,829 | 17,664 |
| Decrease / (increase) in trade and other receivables | | (558,299) | 1,032,982 |
| Increase / (decrease) in trade and other payables | | 658,886 | (674,861) |
| Decrease / (increase) in net derivative financial asset | | 59,538 | 253,920 |
| Decrease / (increase) in prepaid expenses and other assets | | 14,425 | (23,071) |
| (Increase) / decrease in other assets | | 581 | 22,117 |
| Increase / (decrease) in other liabilities | | 1,754 | 9,879 |
| Cash generated from operations | | 659,470 | 1,074,384 |
| Interest and bank charges paid | | (21,558) | (51,030) |
| Income taxes paid | | (90,505) | (82,857) |
| Net cash inflow from operating activities | | 547,407 | 940,497 |
| Investing activities | | | |
| Interest received | | 13,003 | 30,824 |
| Purchases of property, plant and equipment | 13 | (5,311) | (6,050) |
| Proceeds on disposal of property, plant and equipment | | 794 | 6,817 |
| Proceeds on sale of subsidiary | | - | 44,508 |
| Realised losses on NIFO / CF hedges | | (47,362) | (40,365) |
| Net cash inflow/(outflow) from investing activities | | (38,876) | 35,734 |
| Financing activities | | | |
| Repayments of borrowings from parent | | - | (983,635) |
| Repayments of borrowings from third parties | | (609) | (2,189) |
| Effect of foreign exchange rate changes on borrowings | | (1,548) | 28 |
| (Issuance) / repayments of borrowings to associate | | 75,414 | (72,572) |
| Dividends paid | 11 | (554,017) | (251,294) |
| Net cash outflow from financing activities | | (480,760) | (1,309,662) |
| Net increase/(decrease) in cash and cash equivalents | | 27,771 | (333,431) |
| Cash and cash equivalents at beginning of year | | 71,368 | 400,454 |
| Effect of foreign exchange rate changes on cash and cash equivalents | | (2,650) | 4,345 |
| Cash and cash equivalents at end of year | 17 | 96,489 | 71,368 |

EDF Trading Limited
Company cash flow statement
For the year ended 31 December 2015

| | | Year ended 2015 €'000 | Year ended 2014 €'000 |
|--|-----------|--|--|
| Note | | | |
| Operating activities | | | |
| | | 128,111 | 225,854 |
| Operating profit | | | |
| Depreciation of tangible fixed assets | 13 | 2,604 | 3,953 |
| Impairment of tangible fixed assets | | - | 6,320 |
| Provisions charged/(released) in the year | 24 | 11,723 | (5,529) |
| Operating cash flows before movements in working capital | | 142,438 | 230,598 |
| | | 111,483 | 17,026 |
| (Increase) / decrease in inventories | | | |
| Decrease / (increase) in trade and other receivables | | (555,355) | 936,367 |
| Increase / (decrease) in trade and other payables | | 722,295 | (486,608) |
| Decrease / (increase) in net derivative financial asset | | 136,796 | 308,970 |
| Decrease / (increase) in prepaid expenses and other assets | | 14,375 | (23,705) |
| (Increase) / decrease in other assets | | (565) | 22,568 |
| Increase / (decrease) in other liabilities | | 1,383 | 13,636 |
| Cash generated from operations | | 572,850 | 1,018,852 |
| | | (21,413) | (50,180) |
| Interest and bank charges paid | | | |
| Income taxes paid | | (70,240) | (47,817) |
| Net cash inflow from operating activities | | 481,197 | 920,855 |
| Investing activities | | | |
| | | 13,743 | 31,456 |
| Interest received | | | |
| Dividends received from subsidiaries | | 71,308 | 86,081 |
| Purchases of property, plant and equipment | 13 | (1,686) | (1,367) |
| Proceeds on disposal of property, plant and equipment | | 116 | - |
| Proceeds on sale of subsidiary | | - | 44,508 |
| Investment in subsidiaries | 14 | (347) | (3,344) |
| Realised losses on NIFO / CF hedges | | (52,453) | (52,599) |
| Net cash inflow from investing activities | | 30,681 | 104,735 |
| Financing activities | | | |
| | | - | (983,635) |
| Repayments of borrowings from parent | | | |
| (Issuance) / repayments of borrowings to associate | | 82,638 | (72,572) |
| Dividends paid | 11 | (554,017) | (251,294) |
| Net cash outflow from financing activities | | (471,379) | (1,307,501) |
| Net increase/(decrease) in cash and cash equivalents | | 40,499 | (281,911) |
| Cash and cash equivalents at beginning of year | | 20,628 | 302,647 |
| Effect of foreign exchange rate changes on cash and cash equivalents | | (1,317) | (108) |
| Cash and cash equivalents at end of year | 17 | 59,810 | 20,628 |

EDF Trading Limited

Notes to the financial statements

For the year ended 31 December 2015

1 General information

EDF Trading Limited is a company incorporated and domiciled in the United Kingdom under the Companies Act. The address of the registered office is 80 Victoria Street, Cardinal Place, London, SW1E 5JL.

These financial statements are presented in euros because that is the currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policies set out in note 3.

2 Adoption of new and revised Standards

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

| | |
|-------------------------|---|
| IFRS 5 (amendments) | <i>Non-current Assets Held for Sale and Discontinued Operations</i> |
| IFRS 7 (amendments) | <i>Disclosures</i> |
| IFRS 9 | <i>Financial Instruments</i> |
| IFRS 10 (amendments) | <i>Consolidated Financial Statements</i> |
| IFRS 11 (amendments) | <i>Joint Arrangements</i> |
| IFRS 12 (amendments) | <i>Disclosure of Interests in Other Entities</i> |
| IFRS 14 | <i>Regulatory Deferral Accounts</i> |
| IFRS 15 | <i>Revenue from Contracts with Customers</i> |
| IFRS 16 | <i>Leases</i> |
| IAS 1 (amendments) | <i>Presentation of Financial Statements</i> |
| IAS 27 (amendments) | <i>Investment Entities</i> |
| IAS 36 (amendments) | <i>Recoverable Amount Disclosures for Non-Financial Assets</i> |
| IAS 38 (amendments) | <i>Intangible Assets</i> |
| IAS 39 (amendments) | <i>Novation of Derivatives and Continuation of Hedge Accounting</i> |
| IFRIC Interpretation 21 | <i>Leases</i> |

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of Financial Instruments, IFRS 15 may have an impact on revenue recognition and related disclosures and IFRS 16 will impact the recognition and measurement of operating leases.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed. As a commodity trader the future impact of these standards is difficult to predict. The potential future impact is constantly under review.

3 Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The principal accounting policies adopted are set out below and within relevant notes to the financial statements.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

These financial statements for the year ended 31 December 2015 are the first time they have been prepared in accordance with IFRS. Refer to note 31 for information on how the Group and Company adopted IFRS.

EDF Trading Limited

Notes to the financial statements

For the year ended 31 December 2015

3 Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS).

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors' Report on page 9.

Company Income Statement

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The profit dealt with in the accounts of the Company was €145,483,000 (2014: €263,400,000).

Operating Leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

EDF Trading Limited

Notes to the financial statements

For the year ended 31 December 2015

3 Significant accounting policies (continued)

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting under which an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in euros, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into to hedge certain foreign currency risks.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

EDF Trading Limited

Notes to the financial statements

For the year ended 31 December 2015

3 Significant accounting policies (continued)

Net trading income

Net trading income represents the consolidated value of all transactions realised and unrealised as at period end attributable to the purchase and sale of energy products in the wholesale market and related activities. To define trading income, the Group uses the net gains and losses generated from financial instruments classified as held for trading per IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") as the basis for this categorisation.

Net trading income is attributable to the Group's principal activity.

Segmental reporting

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 IFRS 8 from disclosing segmental financial information.

Judgements in accounting policies and key sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires management to make estimates and judgements that affect reported assets, liabilities, revenues, expenses, gains, losses and disclosure of contingencies. These estimates and judgements are subject to change based on experience and new information. The financial statement areas that require significant estimates and judgements are as follows:

Asset Impairments and Reversals

Management applies judgement in assessing the existence of impairment and impairment reversal indicators based on various internal and external factors. The recoverable amount of CGUs and individual assets is determined based on the higher of fair value less costs to sell or value-in-use calculations. The key estimates the company applies in determining the recoverable amount normally include estimated future charter rates (for vessels), commercial reserves (for mining resources), commodity prices, interest rates, foreign currency rates, discount rates and tax rates. Changes to these estimates and judgements will affect the recoverable amount of individual assets and may then require a material adjustment to their related carrying value.

Deferred Taxes

Deferred tax assets are recognised when it is considered probable that deductible temporary differences will be recovered in the foreseeable future. To the extent that future taxable income and the application of existing tax laws in each jurisdiction differ significantly from the company's estimate, the ability of the company to realise the deferred tax assets could be impacted. Deferred tax liabilities are recognised when there are taxable temporary differences that will reverse and result in a future outflow of funds to a taxation authority. The company records a provision for the amount that is expected to be settled which requires the application of judgement as to the ultimate outcome. Deferred tax liabilities could be impacted by changes in the company's judgments of the likelihood of a future outflow and estimates of the expected settlement amount, and the tax laws in the jurisdiction in which the company operates.

Fair value measurement

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

All derivative financial instruments are valued using a discounted cash flow. Future cash flows are estimated based on forward rates (from observable rates at the end of the reporting period) and contract forward rates, discounted at rate that reflects the credit risk of the counterparties. Similar valuation methodologies are used for commodity forward contracts, foreign currency forward contracts, cross currency swaps and interest rate swaps. There are no significant unobservable inputs into the valuation. Further detail is contained in note 22.

Onerous Contract Provision

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

EDF Trading Limited
Notes to the financial statements
For the year ended 31 December 2015

4 Profit for the period

Profit for the period has been arrived at after charging / (crediting):

| | Group | | Company | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Year ended | Year ended | Year ended | Year ended |
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Net foreign exchange losses/(gains) | (3,153) | 1,409 | (5,363) | 7,119 |
| Depreciation of property, plant and equipment | 19,691 | 19,562 | 2,604 | 3,953 |
| Amortisation of intangible asset | 4,083 | 3,684 | - | - |
| Impairment/(Reversal) of property, plant and equipment | 19,039 | 2,914 | 7,224 | - |
| Gain/(loss) on disposal of property, plant and equipment | 794 | 6,236 | 116 | - |
| Staff costs (see note 6) | 116,837 | 100,710 | 96,203 | 79,162 |
| | <u>157,291</u> | <u>134,515</u> | <u>100,784</u> | <u>90,234</u> |

5 Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

| | Year ended | Year ended |
|---|-------------------|-------------------|
| | 2015 | 2014 |
| | €'000 | €'000 |
| Fees payable to the company's auditor and their associates for the audit of the company and consolidated annual accounts * | 603 | 593 |
| Fees payable to the company's auditor and their associates for other services to the group | | |
| – The audit of the company's subsidiaries | 302 | 182 |
| Total audit fees | <u>905</u> | <u>775</u> |
| - Taxation compliance services | 237 | 242 |
| - Other services pursuant to legislation | 206 | 149 |
| Total non-audit fees | <u>443</u> | <u>391</u> |

* Included in share of associates' operating profit is €221,000 (2014: €194,000) fees payable to the Company's auditor for the audit of associate undertakings and other services, which is not included in the amounts shown above.

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 financial statements
For the year ended 31 December 2015

6 Staff costs

The average monthly number of employees (including executive directors) was:

| | Group | | Company | |
|-----------------|---------------|---------------|----------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | Number | Number | Number | Number |
| Group employees | 665 | 647 | 471 | 466 |

Their aggregate remuneration comprised:

| | Year | Year | Year | Year |
|-----------------------|----------------|----------------|---------------|---------------|
| | ended | ended | ended | ended |
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Wages and salaries | 97,491 | 83,175 | 81,580 | 66,182 |
| Social security costs | 13,268 | 11,951 | 10,086 | 8,842 |
| Other pension costs | 6,078 | 5,584 | 4,537 | 4,138 |
| | <u>116,837</u> | <u>100,710</u> | <u>96,203</u> | <u>79,162</u> |

The Group operates a defined contribution group personal pension scheme available to its employees. Contributions are recognised as employee benefit expense when they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The amount recognised as an expense for defined contribution plans in 2015 was €6,078,000 (2014: €5,584,000).

7 Investment revenue

| | Group | | Company | |
|--|---------------|---------------|----------------|---------------|
| | Year | Year | Year | Year |
| | ended | ended | ended | ended |
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Bank deposits | 424 | 885 | 319 | 707 |
| Interest received on margin calls and collateral | 149 | 1,330 | 63 | 2,140 |
| Interest paid by EDF Group companies | 13,522 | 28,609 | 13,432 | 28,609 |
| Total interest revenue | <u>14,095</u> | <u>30,824</u> | <u>13,814</u> | <u>31,456</u> |

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8 Other gains and losses

| | Group | | Company | |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Year ended | Year ended | Year ended | Year ended |
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Gain on Disposal of Asset | 794 | 6,236 | 116 | 26,195 |
| Foreign currency gain / (loss) | 3,153 | (1,409) | 5,363 | (7,119) |
| | <u>3,947</u> | <u>4,827</u> | <u>5,479</u> | <u>19,076</u> |

9 Finance costs

| | Group | | Company | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Year ended | Year ended | Year ended | Year ended |
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Interest on bank overdrafts and loans | 1,788 | 89 | 1,746 | 35 |
| Interest charged by EDF Group companies | 16,203 | 45,059 | 16,203 | 45,059 |
| Bank charges and other | 3,977 | 4,552 | 3,918 | 3,858 |
| Interest paid on margin calls and collateral | 1,174 | 373 | 109 | 273 |
| Total interest expense | <u>23,142</u> | <u>50,073</u> | <u>21,976</u> | <u>49,225</u> |

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

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10 Tax

The tax expense represents the sum of the tax currently payable and deferred tax.

| | Group | | Company | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Year ended | Year ended | Year ended | Year ended |
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Corporation tax: | | | | |
| Current year | (73,370) | (93,653) | (42,397) | (68,407) |
| Adjustments in respect of prior years | 5,477 | 1,281 | 4,769 | 1,018 |
| | <u>(67,893)</u> | <u>(92,372)</u> | <u>(37,628)</u> | <u>(67,389)</u> |
| Deferred tax | (3,273) | 6,536 | (13,625) | 17,547 |
| | <u>(71,166)</u> | <u>(85,836)</u> | <u>(51,253)</u> | <u>(49,842)</u> |

Corporation tax is calculated at 20.25 % (2014: 21.5 %) of the estimated taxable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Of the 2014 charge to current tax, approximately €170,000 related to profits arising in the subsidiary, EDF Trading Gas Storage Ltd, which was disposed of during the year. No tax charge or credit arose on the disposal of the relevant subsidiary.

The charge for the year can be reconciled to the profit in the income statement as follows:

| | Group | | Company | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Year ended | Year ended | Year ended | Year ended |
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Profit before tax of consolidated companies | 311,452 | 400,673 | 196,736 | 313,242 |
| Tax at the UK corporation tax rate of 20.25 % (2014: 21.5 %) | (63,069) | (86,145) | (39,839) | (67,347) |
| Prior year adjustment | (591) | 8,630 | 332 | 699 |
| Tax effect of expenses that are not deductible in determining taxable profit | (83) | (1,930) | (53) | (5,914) |
| Tax effect of income that is not taxable in determining taxable profit | - | - | - | 5,631 |
| Write-off deferred tax asset on fair value hedges | - | - | (25,477) | - |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | (8,133) | (6,525) | - | - |
| Effect of change in tax rate | (802) | 134 | (601) | (1,420) |
| Non-taxable dividends | - | - | 14,385 | 18,509 |
| Share of results from associates | 1,512 | - | - | - |
| Tax expense for the year | <u>(71,166)</u> | <u>(85,836)</u> | <u>(51,253)</u> | <u>(49,842)</u> |

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10 Tax (continued)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income:

| | Group | | Company | |
|---|--------------|-----------------|----------------|--------------|
| | Year | Year | Year | Year |
| | Ended | Ended | Ended | Ended |
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Deferred tax: | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Cash flow hedges: | | | | |
| Gains / (losses) on cash flow hedges | (1,159) | 202 | (1,159) | 202 |
| Gains / (losses) on a hedge of a net investment taken to equity | 7,647 | (18,933) | - | - |
| Total income tax recognised in other comprehensive income | <u>6,488</u> | <u>(18,731)</u> | <u>(1,159)</u> | <u>202</u> |

11 Dividends

| | Year | Year |
|--|--------------|--------------|
| | ended | ended |
| | 2015 | 2014 |
| | €'000 | €'000 |
| Amounts recognised as distributions to equity holders in the period: | | |
| Total dividend | 554,017 | 251,294 |
| Dividend per share (in €) | 6.84 | 3.10 |

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12 Intangible assets

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible (see note 13) and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

| Group | Terminal operating rights €'000 |
|------------------------|--|
| Cost | |
| At 1 January 2014 | 49,603 |
| At 31 December 2014 | <u>49,603</u> |
| At 31 December 2015 | <u>49,603</u> |
| Amortisation | |
| At 1 January 2014 | (16,149) |
| Charge for the year | (3,684) |
| At 31 December 2014 | <u>(19,833)</u> |
| Charge for the year | (4,083) |
| At 31 December 2015 | <u>(23,916)</u> |
| Carrying amount | |
| At 31 December 2015 | <u>25,687</u> |
| At 31 December 2014 | <u>29,770</u> |
| At 1 January 2014 | <u>33,454</u> |

The Company did not hold any intangible assets at 31 December 2015 (2014: €nil). Terminal operating rights are amortised over their estimated useful lives, which is on average 8 years. Amortisation of the terminal operating rights is included in the other operating costs line in the profit or loss.

EDF Trading Limited
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13 Property, plant and equipment

Property, plant and equipment

Freehold land and assets under construction are not depreciated. Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and assets under construction) less their residual values over their useful lives, using the straight-line method, on the following basis:

| | |
|-------------------------|----------|
| Computer equipment | 3 years |
| Furniture and fittings | 4 years |
| Communication equipment | 4 years |
| Leasehold improvements | 4 years |
| Plant and equipment | 20 years |
| Buildings | 40 years |
| Vessels | 10 years |

Mining resources are included within tangible assets at cost and depreciated on a "unit of production" basis over the total estimated remaining commercially recoverable reserves of each property. 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.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment losses on property, plant and equipment are assessed as detailed in note 12 and included in the other operating expenses line in profit or loss.

No borrowing costs incurred in 2014 or 2015 were directly attributable to the acquisition, construction or production of tangible assets for either the Group or Company and hence all borrowing costs were expensed as incurred.

EDF Trading Limited
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13 Property, plant and equipment (continued)

| 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 | Vessels €'000 | Total €'000 |
|--|------------------------------------|---|---------------------------------|-----------------------------|---------------------------------|------------------------------|---------------------------|------------------|----------------|
| Cost | | | | | | | | | |
| At 1 January 2014 | 2,317 | 33,060 | 5,048 | 51,275 | 11,254 | 125,331 | 87,465 | 65,429 | 381,179 |
| Additions | 3,208 | 1,389 | 273 | 122 | 27 | 588 | 30 | 413 | 6,050 |
| Reallocation | (1,110) | - | - | 518 | - | 592 | - | - | - |
| Disposals | (4,607) | (651) | (132) | (38,613) | - | (47,619) | - | - | (91,622) |
| Exchange adjustment | 2,012 | 88 | 8 | 2,614 | - | 9,328 | 12,017 | 4,740 | 30,807 |
| At 31 December 2014 | 1,820 | 33,886 | 5,197 | 15,916 | 11,281 | 88,220 | 99,512 | 70,582 | 326,414 |
| Additions | 1,218 | 1,772 | 144 | 9 | 12 | 577 | - | 1,579 | 5,311 |
| Reallocation | (2,139) | (25) | 25 | 11,403 | (11,293) | 2,029 | - | - | - |
| Disposals | (249) | (587) | - | (360) | - | (795) | - | (933) | (2,924) |
| Exchange adjustment | - | 23 | (139) | (1,079) | - | 622 | 11,421 | 7,399 | 18,247 |
| At 31 December 2015 | 650 | 35,069 | 5,227 | 25,889 | - | 90,653 | 110,933 | 78,627 | 347,048 |
| Accumulated depreciation and impairment | | | | | | | | | |
| At 1 January 2014 | - | (26,951) | (4,800) | (11,760) | (10,645) | (21,475) | (3,035) | (21,260) | (102,934) |
| Charge for the year | - | (3,782) | (102) | (1,475) | (284) | (4,244) | (6,764) | (2,911) | (19,562) |
| Impairment loss | - | (1) | (132) | (857) | - | (1,556) | - | (368) | (2,914) |
| Disposals | - | 645 | 87 | 6,632 | - | 21,341 | - | - | 28,705 |
| Exchange adjustments | - | (57) | 6 | (493) | - | (1,804) | (1,084) | (2,232) | (5,664) |
| At 31 December 2014 | - | (30,146) | (4,941) | (7,953) | (10,929) | (10,738) | (10,883) | (26,779) | (102,369) |
| Charge for the year | - | (2,674) | (124) | (1,196) | (320) | (3,469) | (8,784) | (3,124) | (19,691) |
| Reallocation | - | - | - | (11,249) | 11,249 | - | - | - | - |
| Other | - | - | - | - | - | - | (6,091) | (81) | (6,172) |
| Impairment loss | - | - | - | - | - | - | (9,206) | (9,833) | (19,039) |
| Disposals | - | 587 | - | 360 | - | 782 | - | 933 | 2,662 |
| Exchange adjustments | - | (22) | 156 | 999 | - | 2,268 | (1,240) | (3,425) | (1,264) |
| At 31 December 2015 | - | (32,255) | (4,909) | (19,039) | - | (11,157) | (36,204) | (42,309) | (145,873) |
| Carrying amount | | | | | | | | | |
| At 31 December 2015 | 650 | 2,814 | 318 | 6,850 | - | 79,496 | 74,729 | 36,318 | 201,175 |
| At 31 December 2014 | 1,820 | 3,740 | 256 | 7,963 | 352 | 77,482 | 88,629 | 43,803 | 224,045 |
| At 1 January 2014 | 2,317 | 6,109 | 248 | 39,515 | 609 | 100,856 | 84,430 | 44,161 | 278,245 |

Included in additions for assets under construction is terminal equipment of €1,127,932 (2014: €2,488,630). Leased land included in land and buildings is leased on long leasehold arrangements.

Impairment losses recognised in the year

As a result of the decreases in coal and freight prices in 2015, the Group carried out an impairment review of its mining resources and reserves. The review led to a recoverable amount for its sole mining resources cash generating unit (one specific mine) which was €9,206,000 below its carrying value and a recoverable amount for one of its vessels, which was €9,833,000 below its carrying value. The recoverable amount for the mining asset was based on its value in use using a discount rate of 7.3%. The recoverable amount for the impaired vessel was €12 million and was based on its fair value less cost to sell. The fair value was level 3 under the IFRS 13 fair value hierarchy and took into consideration an independent broker valuation, adjusted to reflect the vessel's age and size/capacity. This led to the recognition of an impairment loss of €19,039,000 for 2015, which was recognised in profit or loss within other operating expenses.

In 2014 the assets of a loss making subsidiary, Holzkantor und Pelletierwerk Schwedt GmbH ("HPS"), were fully impaired by €2,546,000. Due to a reduction in forward freight prices, the Group impaired a vessel by €368,000. The impairment was calculated on the Group's best estimate of the vessel's net realisable value, using the market rate for forward freight prices.

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13 Property, plant and equipment (continued)

| Company | Computer and commu- nication equipment €'000 | Furniture and fittings €'000 | Leasehold improve-ments €'000 | Total €'000 |
|---------------------------------|---|---|--|------------------------|
| Cost | | | | |
| At 1 January 2014 | 31,352 | 4,361 | 11,065 | 46,778 |
| Additions | 1,348 | 19 | - | 1,367 |
| At 31 December 2014 | 32,700 | 4,380 | 11,065 | 48,145 |
| Additions | 1,639 | 38 | 9 | 1,686 |
| Disposals | (587) | - | - | (587) |
| At 31 December 2015 | 33,752 | 4,418 | 11,074 | 49,244 |
| Accumulated depreciation | | | | |
| At 1 January 2014 | (25,409) | (4,344) | (10,802) | (40,555) |
| Charge for the year | (3,678) | (14) | (261) | (3,953) |
| At 31 December 2014 | (29,087) | (4,358) | (11,063) | (44,508) |
| Charge for the year | (2,570) | (32) | (2) | (2,604) |
| Disposals | 582 | - | - | 582 |
| At 31 December 2015 | (31,075) | (4,390) | (11,065) | (46,530) |
| Carrying amount | | | | |
| At 31 December 2015 | 2,677 | 28 | 9 | 2,714 |
| At 31 December 2014 | 3,613 | 22 | 2 | 3,637 |
| At 1 January 2014 | 5,943 | 17 | 263 | 6,223 |

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14 Subsidiaries

The group consists of a parent company, EDF Trading Limited, incorporated in the UK and a number of subsidiaries and associates held directly and indirectly by EDF Trading Limited, which operate and are incorporated around the world.

Information about the composition of the Group at the end of the reporting period is as follows:

| Name of subsidiary | Principal activity | Place of incorporation and operation | Holding | |
|--------------------------------------|------------------------------------|--------------------------------------|------------|------------|
| | | | 31/12/2015 | 31/12/2014 |
| Amstuw B.V. | Coal terminals | Netherlands | 100% | 100% |
| Cardinal Shipping Limited | Vessel ownership | United Kingdom | 100% | 100% |
| EDF Trading (Switzerland) AG | Power trading | Switzerland | 100% | 100% |
| EDF Trading Australia Pty Limited | Participant in coal mining project | Australia | 100% | 100% |
| EDF Trading Bioenergy Limited | Not trading | United Kingdom | 100% | 100% |
| EDF Trading Electricidad y Gas, S.L. | Not trading | Spain | 100% | 100% |
| EDF Trading Markets Limited | Arranger on behalf of the Company | United Kingdom | 100% | 100% |
| EDF Trading Singapore Pte. Limited | Coal marketing | Singapore | 100% | 100% |
| EDF Trading Japan KK | Not trading | Japan | 100% | 100% |
| EDF Trading Polska Sp. Z o.o. | Coal trading | Poland | 100% | 100% |

The nature of the activities of all EDF Trading Limited's associates' is trading in commodities and the associated logistical operations, which are seen as complementing the group's operations and contributing to achieving the group's overall strategy.

Movements in investments in subsidiaries for the Company:

| | Company | |
|---------------------------|----------------|----------------|
| | 2015 | 2014 |
| | €'000 | €'000 |
| Balance at 1 January | 250,332 | 261,717 |
| Disposals during the year | - | (8,409) |
| Written off | - | (6,320) |
| Additions | 347 | 3,344 |
| | <u>250,679</u> | <u>250,332</u> |

Additions in 2014 and 2015 relate to cash calls made by EDF Trading Australia Pty Limited. EDF Trading Gas Storage Limited was divested in 2014 and the investment in EDF Trading Bioenergy Limited was written off in 2014 based on the net realisable value of the subsidiary.

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15 Interest in associates

Details of material associates

Details of each of the Group's associates at the end of the reporting period are as follows:

| Name of associate | Principal activity | Place of incorporation and principal place of business | Proportion of ownership interest / voting rights held by the Group | |
|--------------------------------|---------------------|--|--|-------|
| | | | 2015 | 2014 |
| ENAG Energiefinanzierungs A.G. | Power trading | Switzerland | 16% | 16% |
| EDF Inc. | Holding company | United States of America | 17.5% | 17.5% |
| 1015848 B.C. Limited | Development company | Canada | 33.3% | 33.3% |

All of the above associates are accounted for using the equity method in these consolidated financial statements as set out in the group's accounting policies in note 3.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below is on a 100% basis and represents amounts in associates' financial statements prepared in accordance with IFRSs.

| | 1015848 B.C. Limited | | ENAG Energiefinanzierungs A.G. | | EDF Inc. | |
|--|----------------------|---------------|--------------------------------|---------------|---------------|---------------|
| | 2015 €'000 | 2014 €'000 | 2015 €'000 | 2014 €'000 | 2015 €'000 | 2014 €'000 |
| Ownership percentage | 33.3% | 33.3% | 16.0% | 16.0% | 17.5% | 17.5% |
| Current assets | - | - | 46,878 | 51,397 | 3,448,858 | 2,157,760 |
| Non-current assets | - | - | 739,336 | 771,124 | 5,118,928 | 4,973,656 |
| Current liabilities | - | - | (37,168) | (94,145) | (2,997,326) | (1,797,231) |
| Non-current liabilities | - | - | (653,893) | (642,298) | (1,415,500) | (1,299,530) |
| Equity attributable to owners of the Company | - | - | 95,153 | 86,078 | 4,154,960 | 4,034,655 |
| Revenue | - | - | 247,064 | 168,533 | 752,178 | 719,974 |
| Operating costs | (21,672) | - | (235,901) | (159,806) | (1,023,786) | (725,069) |
| Finance (costs)/income | - | - | (9,961) | (7,492) | 23,598 | (16,048) |
| Tax | - | - | (225) | (247) | (7,481) | (11,709) |
| Total comprehensive (expense)/income | (21,672) | - | 977 | 988 | (255,491) | (32,852) |

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15 Interest in associates (continued)

Reconciliation of the summarised financial information to the carrying amount of the interest in EDF Inc and ENAG recognised in the consolidated financial statements:

| | 1015848 B.C. Limited | | EDF Inc. | | ENAG Energiefinanzierungs A.G. | | Total | Total |
|---|----------------------|---------------|---------------|---------------|--------------------------------------|---------------|---------------|---------------|
| | 2015 €'000 | 2014 €'000 | 2015 €'000 | 2014 €'000 | 2015 €'000 | 2014 €'000 | 2015 €'000 | 2014 €'000 |
| Ownership percentage | 33.3% | 33.3% | 17.5% | 17.5% | 16.0% | 16.0% | | |
| Carrying amount of the Group's interest in the Associate: | | | | | | | | |
| At 1 January | - | - | 562,393 | 531,838 | 4,945 | 5,009 | 567,338 | 536,847 |
| Share of retained (loss)/profit | (7,224) | - | (46,170) | (3,793) | - | - | (53,394) | (3,793) |
| Share of movements in reserves | - | - | (15,146) | (29,080) | - | - | (15,146) | (29,080) |
| Disposal of MI | - | - | - | (140) | - | - | - | (140) |
| FX variances | - | - | 62,715 | 63,568 | 356 | (64) | 63,071 | 63,504 |
| Loan write down | 7,224 | - | - | - | - | - | 7,224 | - |
| At 31 December | - | - | 563,792 | 562,393 | 5,301 | 4,945 | 569,093 | 567,338 |

Interests in associates in the Company are all stated at cost.

16 Inventories

Inventory represents commodities held for trading purposes and are held at fair value. Movements in the fair value of inventory are recognised in profit or loss. This is a deviation from the Companies Act 2006 which required the use of the lower of cost and net realisable value however the directors believe that because they adopt mark to market accounting as a trading business and the inventory is acquired for the purpose of trading, the valuation of inventory at fair value is appropriate. The cost of inventory held is estimated at €459,169,000 (2014: €420,863,000) for the Group and €456,086,000 (2014: €424,148,000) for the Company.

| | Group | | Company | |
|------------------------------|---------------|---------------|---------------|---------------|
| | 2015 €'000 | 2014 €'000 | 2015 €'000 | 2014 €'000 |
| Coal Trading stock | 156,906 | 248,200 | 154,982 | 248,199 |
| Emissions trading allowances | 22,343 | 43,810 | 22,343 | 43,810 |
| Gas | 139,313 | 116,617 | 139,313 | 116,617 |
| Other stock | 4,968 | 20,749 | 3,809 | 18,654 |
| Wood pellets | - | 5,839 | - | 4,649 |
| | 323,530 | 435,215 | 320,447 | 431,929 |

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17 Cash and bank balances

| | Group | | Company | |
|------------------------|--------------|--------------|----------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Cash and bank balances | 96,489 | 71,368 | 59,810 | 20,628 |

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet position as shown above.

EDFT cash balances held with EDF Cash Pooling and EDF cash deposits are classified as trade receivables, see note 18.

18 Trade and other receivables

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Third party trade receivables | 2,376,315 | 2,286,102 | 2,336,814 | 2,263,903 |
| Allowance for doubtful accounts | (3,489) | (3,488) | (3,489) | (3,488) |
| | <u>2,372,826</u> | <u>2,282,614</u> | <u>2,333,325</u> | <u>2,260,415</u> |
| Amounts receivable from EDF group companies | 977,516 | 1,077,008 | 977,275 | 1,076,852 |
| Amounts receivable from EDF cash deposit | 900,187 | 500,032 | 900,187 | 500,032 |
| Amounts receivable from EDF cash pool | 812,356 | 661,973 | 812,356 | 661,973 |
| Amounts receivable from EDFT group companies | - | - | 25,209 | 9,081 |
| | <u>2,690,059</u> | <u>2,239,013</u> | <u>2,715,027</u> | <u>2,247,938</u> |
| Other third party receivables | 497,477 | 494,853 | 429,558 | 441,792 |
| | <u>5,560,362</u> | <u>5,016,480</u> | <u>5,477,910</u> | <u>4,950,145</u> |

EDF cash deposit is a cash investment with EDF which is callable or returnable with 2 days notice. The investment has maturities from 31/03/2016 to 22/12/2016 and bears interest rates from 0.058% to 0.139%.

The group utilises collateral and margining accounts to minimise counterparty credit risk. Within other third party receivables is €326million (2014: €410million) of collateral and bilateral margin.

The directors consider that the carrying amount of trade receivables approximates to their fair value.

The total third party trade receivables overdue at the end of the year, and not impaired, was as follows:

| | €'000 |
|------------------------|---------------|
| less than 30 days | 23,828 |
| between 31 and 90 days | 6,509 |
| more than 90 days | 4,094 |
| Total | <u>34,431</u> |

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19 Trade and other payables

| | Group | | Company | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Third party trade payables | 2,362,963 | 2,315,213 | 2,331,359 | 2,201,993 |
| Amount owed to EDFT Group companies | - | - | 90,733 | 149,502 |
| Amount owed to EDF Group companies | 1,739,266 | 1,177,396 | 1,739,266 | 1,098,976 |
| Accruals and other payables | 290,793 | 179,485 | 286,912 | 257,535 |
| Employee liabilities | 83,561 | 93,976 | 79,119 | 89,145 |
| | <u>4,476,583</u> | <u>3,766,070</u> | <u>4,527,389</u> | <u>3,797,151</u> |
| Non-current trade payables | 33,423 | 44,737 | - | - |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. The directors consider that the carrying amount of trade payables approximates to their fair value. The maturity of non-current third party trade payables is as follows:

| | Group | |
|--------------|---------------|---------------|
| | 2015 | 2014 |
| | €'000 | €'000 |
| 2-5 years | 25,078 | 27,284 |
| Over 5 years | 8,345 | 17,453 |
| Total | <u>33,423</u> | <u>44,737</u> |

20 Loans and receivables

| | Group | | Company | |
|--|---------------|----------------|----------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Loan to ENAG Energiefinanzierungs A.G. | 36,279 | 37,902 | - | - |
| Loan to EDF Inc. | - | 82,719 | - | 82,719 |
| | <u>36,279</u> | <u>120,621</u> | <u>-</u> | <u>82,719</u> |

The loan to ENAG is interest free and is repayable on demand. The loan to EDF Inc. was repaid in full by EDF Inc. in 2015.

21 Borrowings

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Unsecured borrowing at amortised cost | | | | |
| Bank and shareholder loans | 15,598 | 16,207 | - | - |
| Loan from EDF | 450,000 | 450,000 | 450,000 | 450,000 |
| Accrued interest | 1,323 | 833 | 1,323 | 833 |
| | <u>466,921</u> | <u>467,040</u> | <u>451,323</u> | <u>450,833</u> |

The EDF loan is repayable in 2019 with interest payable at a fixed rate of 2.983% per annum.

The bank and shareholder loans are repayable by 2019 and 2027 respectively with interest payable at monthly TIBOR + 0.5%.

| | Group | | Company | |
|---------------|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Within 1 year | 2,395 | 2,157 | - | - |
| 2-5 years | 457,855 | 459,232 | 450,000 | 450,000 |
| Over 5 years | 5,348 | 4,818 | - | - |
| Total | <u>465,598</u> | <u>466,207</u> | <u>450,000</u> | <u>450,000</u> |

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22 Derivative Financial instruments

Forward commodity contracts and derivative financial instruments

The Group enters into forward commodity contracts and derivative instruments for trading purposes. The Group 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 and unrealised profits are recorded as assets. Changes in the assets and liabilities from these activities arising in the current period (resulting primarily from newly originated transactions, settlements and the impact of price movements on existing transactions) are recognised in profit or 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.

Refer to the Directors Report for detailed information on the Group's financial risk management, including Market Risk, Capital Risk and Credit Risk.

Derivative Financial assets

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Derivative financial assets carried at fair value with changes in fair value included in trading income | | | | |
| Energy commodity contracts | 7,274,685 | 6,003,177 | 7,275,523 | 5,950,695 |
| Forward foreign exchange contracts | 14,075 | 7,354 | 14,075 | 7,354 |
| Interest rate swaps | 2,849 | 45,855 | 2,849 | 45,855 |
| | <u>7,291,609</u> | <u>6,056,386</u> | <u>7,292,447</u> | <u>6,003,904</u> |

Derivative Financial liabilities

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Derivative financial liabilities carried at fair value with changes in fair value included in trading income | | | | |
| Energy commodity contracts | 6,742,552 | 5,399,750 | 6,746,174 | 5,346,051 |
| Forward foreign exchange contracts | 44,502 | 52,902 | 44,532 | 52,805 |
| Interest rate swaps | 58,024 | 102,304 | 58,024 | 102,304 |
| Credit derivatives | 2,827 | 1,651 | 2,827 | 1,651 |
| | <u>6,847,905</u> | <u>5,556,607</u> | <u>6,851,557</u> | <u>5,502,811</u> |

Credit derivatives

Credit derivatives include Parent Company Guarantees ("PCGs") issued by the Company to trading counterparts of EDF Trading North America LLC, a 17.5% associate of the Group, in order to support its commercial development in the US in the normal course of business. As the underlying contract to which the PCG relates is not a debt instrument but a commodity contract, the PCGs do not meet the definition of a financial guarantee contract under IAS 39, therefore the PCGs are accounted for as a credit derivative.

Credit derivatives are measured at fair value through profit or loss. At inception 17.5% of the credit derivative was recognised as a capital contribution, with the remaining balance being taken to the Income Statement. In EDF Trading North America LLC's accounts the underlying trades that are supported by these PCGs are marked to market derivatives.

The fair value of PCGs is calculated by applying the credit spread between the Company and EDF Trading North America LLC (0.6637%) to the capped liability, which is the lower of the fair value of the underlying trading positions guaranteed and the notional value of the PCG. As at 31 December 2015 the capped liability was €463,000,000 (2014: €638,000,000), resulting in the recognition of a credit derivative on the balance sheet of €2,827,000 (2014: €1,651,000).

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22 Derivative Financial instruments (continued)

Fair value measurements

The information below explains how the Group determines fair values of various financial assets and financial liabilities. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

· Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active exchange markets for identical assets or liabilities. Level 1 instruments are primarily exchange traded oil derivatives;

· Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). These inputs include quoted forward prices for commodities, time value, contractual prices and expected volumes of the underlying instruments. Level 2 instruments are primarily non-exchange traded derivatives such as forward commodity contracts.

· Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). These inputs include assumptions based on historical data, these assumptions are used with internally developed methodologies that result in management's best estimate of fair value. Level 3 instruments are typically structured or individually tailored derivatives.

Fair value measurements recognised in the statement of financial position

| Group | 2015 | | | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | Level 1 €'000 | Level 2 €'000 | Level 3 €'000 | Total €'000 |
| Financial assets at FVTPL | | | | |
| Energy commodity contracts | 363,734 | 6,349,069 | 561,882 | 7,274,685 |
| Forward foreign exchange contracts | - | 14,075 | - | 14,075 |
| Interest rate swaps | - | 2,849 | - | 2,849 |
| Total | <u>363,734</u> | <u>6,365,993</u> | <u>561,882</u> | <u>7,291,609</u> |

Financial liabilities at FVTPL

| | | | | |
|------------------------------------|----------------|------------------|----------------|------------------|
| Energy commodity contracts | 337,128 | 6,134,355 | 271,069 | 6,742,552 |
| Forward foreign exchange contracts | - | 44,502 | - | 44,502 |
| Interest rate swaps | - | 58,024 | - | 58,024 |
| Credit derivatives | - | - | 2,827 | 2,827 |
| Total | <u>337,128</u> | <u>6,236,881</u> | <u>273,896</u> | <u>6,847,905</u> |

| Group | 2014 | | | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | Level 1 €'000 | Level 2 €'000 | Level 3 €'000 | Total €'000 |
| Financial assets at FVTPL | | | | |
| Energy commodity contracts | 540,286 | 4,682,495 | 780,396 | 6,003,177 |
| Forward foreign exchange contracts | - | 7,354 | - | 7,354 |
| Interest rate swaps | - | 45,855 | - | 45,855 |
| Total | <u>540,286</u> | <u>4,735,704</u> | <u>780,396</u> | <u>6,056,386</u> |

Financial liabilities at FVTPL

| | | | | |
|------------------------------------|----------------|------------------|----------------|------------------|
| Energy commodity contracts | 485,978 | 4,516,565 | 397,207 | 5,399,750 |
| Forward foreign exchange contracts | - | 52,902 | - | 52,902 |
| Interest rate swaps | - | 102,304 | - | 102,304 |
| Credit derivatives | - | - | 1,651 | 1,651 |
| Total | <u>485,978</u> | <u>4,671,771</u> | <u>398,858</u> | <u>5,556,607</u> |

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22 Derivative Financial instruments (continued)

| Company | 2015 | | | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | Level 1 €'000 | Level 2 €'000 | Level 3 €'000 | Total €'000 |
| Financial assets at FVTPL | | | | |
| Energy commodity contracts | 363,776 | 6,349,865 | 561,882 | 7,275,523 |
| Forward foreign exchange contracts | - | 14,075 | - | 14,075 |
| Interest rate swaps | - | 2,849 | - | 2,849 |
| Total | <u>363,776</u> | <u>6,366,789</u> | <u>561,882</u> | <u>7,292,447</u> |
| Financial liabilities at FVTPL | | | | |
| Energy commodity contracts | 607,156 | 5,867,949 | 271,069 | 6,746,174 |
| Forward foreign exchange contracts | - | 44,532 | - | 44,532 |
| Interest rate swaps | - | 58,024 | - | 58,024 |
| Credit derivatives | - | - | 2,827 | 2,827 |
| Total | <u>607,156</u> | <u>5,970,505</u> | <u>273,896</u> | <u>6,851,557</u> |
| 2014 | | | | |
| Company | Level 1 €'000 | Level 2 €'000 | Level 3 €'000 | Total €'000 |
| | Level 1 €'000 | Level 2 €'000 | Level 3 €'000 | Total €'000 |
| Financial assets at FVTPL | | | | |
| Energy commodity contracts | 297,535 | 4,872,764 | 780,396 | 5,950,695 |
| Forward foreign exchange contracts | - | 7,354 | - | 7,354 |
| Interest rate swaps | - | 45,855 | - | 45,855 |
| Total | <u>297,535</u> | <u>4,925,973</u> | <u>780,396</u> | <u>6,003,904</u> |
| Financial liabilities at FVTPL | | | | |
| Energy commodity contracts | 481,145 | 4,467,699 | 397,207 | 5,346,051 |
| Forward foreign exchange contracts | - | 52,805 | - | 52,805 |
| Interest rate swaps | - | 102,304 | - | 102,304 |
| Credit derivatives | - | - | 1,651 | 1,651 |
| Total | <u>481,145</u> | <u>4,622,808</u> | <u>398,858</u> | <u>5,502,811</u> |

All derivatives are valued in accordance with the techniques outlined in the fair value hierarchy disclosure above. There were no significant transfers between levels of the hierarchy in the current or preceding year. The following table shows the reconciliation of changes in the fair value of financial instruments classified as level 3 in the fair value hierarchy.

| | Group €'000 | Company €'000 |
|---|----------------|------------------|
| At 1 January 2014 | 369,704 | 369,704 |
| New financial instruments | 85,998 | 85,998 |
| Matured financial instruments | (12,089) | (12,089) |
| Movements in fair value of existing financial instruments | (62,075) | (62,075) |
| At 31 December 2014 | <u>381,538</u> | <u>381,538</u> |
| New financial instruments | 50,589 | 50,589 |
| Matured financial instruments | (70,032) | (70,032) |
| Movements in fair value of existing financial instruments | (74,109) | (74,109) |
| At 31 December 2015 | <u>287,986</u> | <u>287,986</u> |

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22 Derivative Financial instruments (continued)

The following table shows the contractual maturities of the derivative financial instruments. The balances include derivatives that are held in hedge relationships.

| Group | Within 1 year | 2-5 years | Over 5 years | Total |
|--------------------------------|----------------------|------------------|---------------------|--------------|
| 2015 | €'000 | €'000 | €'000 | €'000 |
| Financial assets at FVTPL | 4,666,630 | 2,260,399 | 364,580 | 7,291,609 |
| Financial liabilities at FVTPL | 4,519,617 | 2,054,372 | 273,916 | 6,847,905 |
| 2014 | | | | |
| Financial assets at FVTPL | 3,694,395 | 1,938,044 | 423,947 | 6,056,386 |
| Financial liabilities at FVTPL | 3,667,361 | 1,611,416 | 277,830 | 5,556,607 |
| Company | Within 1 year | 2-5 years | Over 5 years | Total |
| 2015 | €'000 | €'000 | €'000 | €'000 |
| Financial assets at FVTPL | 4,667,166 | 2,260,659 | 364,622 | 7,292,447 |
| Financial liabilities at FVTPL | 4,522,028 | 2,055,467 | 274,062 | 6,851,557 |
| 2014 | | | | |
| Financial assets at FVTPL | 3,662,382 | 1,921,249 | 420,273 | 6,003,904 |
| Financial liabilities at FVTPL | 3,631,855 | 1,595,815 | 275,141 | 5,502,811 |

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22 Derivative Financial instruments (continued)

The impact on the fair value of instruments classified as level 3 of varying the unobservable parameters as at 31 December 2015 and 31 December 2014 is immaterial.

Where an instrument extends beyond the limit of observable data (the liquidity horizon), the difference between the transaction price and model value (known as "day one" gain or loss) is only recognised in comprehensive income when the inputs become observable, or the instrument is derecognised. The following table shows the reconciliation of changes in the deferred day one gains or losses.

| | Group €'000 | Company €'000 |
|---------------------|----------------|------------------|
| At 1 January 2014 | 64,609 | 64,609 |
| New contracts | 15,694 | 15,694 |
| Contracts realised | (17,661) | (17,661) |
| At 31 December 2014 | <u>62,642</u> | <u>62,642</u> |
| New contracts | 555 | 555 |
| Contracts realised | (17,473) | (17,473) |
| Contracts released | (20,375) | (20,375) |
| At 31 December 2015 | <u>25,349</u> | <u>25,349</u> |

Sensitivity Analysis

The following table shows the sensitivity of fair values to reasonably possible alternative assumptions as at 31 December 2015:

| | Reflected in profit or loss | | | |
|----------------------------|---------------------------------------|---|---------------------------------------|---|
| | Favourable change 2015 €'000 | Unfavourable change 2015 €'000 | Favourable change 2014 €'000 | Unfavourable change 2014 €'000 |
| Market prices | | | | |
| Energy commodity contracts | 18,213 | (14,635) | 23,783 | (22,798) |

The following methods and assumptions were used in preparing the sensitivity analysis:

Market prices

EDFT performs stress testing on its portfolio. Stress testing analysis complements the Value at Risk reporting (see Directors' Report), which cannot predict extreme market moves (due to the 97.5% confidence used). The sensitivity shift price is obtained by multiplying the volatility, as calculated per the Value at Risk methodology, with the spot price for each product in the portfolio. This is then multiplied by six to depict an extreme price move.

Foreign Exchange rates

EDFT's policy is to hedge currency risk arising from holding monetary assets or liabilities, forward commitments and net investments in foreign operations in currencies other than the euro. As such the Group's P&L would not be significantly impacted by a movement in foreign exchange rates.

Interest rates

EDFT's policy is to hedge interest rate risk from forward cash flows. As such the Group's profit or loss would not be significantly impacted by a movement in interest rates.

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22 Derivative Financial instruments (continued)

Offsetting financial assets and financial liabilities

The Group enters into master netting agreements with its counterparties to give the Group the right to net a counterparty's rights and obligations under the agreement. In the statement of financial position, financial assets and financial liabilities are only offset and presented on a net basis where there is a legally enforceable right to offset and the intention to settle on a net basis. The following table presents the gross and net amounts for balances which are presented on a net basis in the statement of financial position.

| | Gross amounts €'000 | Amounts offset €'000 | Net amounts €'000 |
|----------------------------------|------------------------------------|-------------------------------------|----------------------------------|
| Group | | | |
| 2015 | | | |
| Derivative financial assets | 12,495,398 | 5,203,789 | 7,291,609 |
| Derivative financial liabilities | 12,051,694 | 5,203,789 | 6,847,905 |
| Trade and other receivables | 10,050,607 | 4,490,245 | 5,560,362 |
| Trade and other payables | 9,000,251 | 4,490,245 | 4,510,006 |
| 2014 | | | |
| Derivative financial assets | 9,983,445 | 3,927,059 | 6,056,386 |
| Derivative financial liabilities | 9,483,666 | 3,927,059 | 5,556,607 |
| Trade and other receivables | 10,432,538 | 5,416,058 | 5,016,480 |
| Trade and other payables | 9,226,865 | 5,416,058 | 3,810,807 |
| | Gross amounts €'000 | Amounts offset €'000 | Net amounts €'000 |
| Company | | | |
| 2015 | | | |
| Derivative financial assets | 12,496,236 | 5,203,789 | 7,292,447 |
| Derivative financial liabilities | 12,055,346 | 5,203,789 | 6,851,557 |
| Trade and other receivables | 9,968,155 | 4,490,245 | 5,477,910 |
| Trade and other payables | 9,017,634 | 4,490,245 | 4,527,389 |
| 2014 | | | |
| Derivative financial assets | 9,930,963 | 3,927,059 | 6,003,904 |
| Derivative financial liabilities | 9,429,870 | 3,927,059 | 5,502,811 |
| Trade and other receivables | 10,366,203 | 5,416,058 | 4,950,145 |
| Trade and other payables | 9,213,209 | 5,416,058 | 3,797,151 |

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22 Derivative Financial instruments (continued)

Derivative instruments in designated hedge accounting relationships

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.

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. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Fair value hedges

The Group designate forward freight contracts as fair value hedges for operating leases on dry bulk vessels.

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. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The Group designate certain forward foreign exchange and commodity contracts as cash flow hedges of non euro expenditures and future coal production respectively.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item.

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 in other comprehensive income; 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.

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22 Derivative Financial instruments (continued)

The fair value of derivative financial instrument contracts in designated hedge accounting relationships is as follows:

| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Fair value hedges | (1,588) | (6,741) | (1,588) | (6,741) |
| Cash flow hedges | 3,633 | 2,789 | 3,664 | 2,692 |
| Hedges of net investments in foreign operations | 27,647 | 14,377 | 27,647 | 14,377 |
| | <u>29,692</u> | <u>10,425</u> | <u>29,723</u> | <u>10,328</u> |

As at 31 December 2015, the aggregate amount of losses under forward foreign exchange contracts deferred in the cash flow hedging reserve relating to these anticipated future transactions is €1,254,000 (2014: gains of €1,910,000). It is anticipated that the transactions will take place during the next financial year at which time the amount deferred in equity will be included in the income statement.

As at 31 December 2015, no ineffectiveness has been recognised in profit or loss arising from hedging the net investment in the Group's foreign subsidiaries (2014: €nil).

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23 Deferred tax

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

At the balance sheet date, the group has unused tax losses of €108 million (2014: €114 million) available for offset against future profits. A deferred tax asset has been recognised in respect of €108 million (2014: €111 million) of such losses. No deferred tax asset has been recognised in respect of the remaining €0 million (2014: €3 million) as it is not considered probable that there will be future taxable profits available. Losses may be carried forward indefinitely.

No deferred tax liability is recognised on temporary differences of €60 million (2014: €47 million) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. Temporary differences arising in connection with interests in associates are insignificant.

EDF Trading Limited
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23 Deferred tax (continued)

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current and prior reporting period.

| Group | Accelerated tax depreciation | Timing differences on accruals | Timing differences on income recognition | Hedges | Intangibles | Other | Tax losses | Total |
|-----------------------------------|---|---|---|---------------|--------------------|--------------|-------------------|--------------|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| At 1 January 2014 | 20,451 | (16,759) | (1,369) | 10,822 | 6,781 | 1,810 | (17,873) | 3,863 |
| Charge/(credit) to profit or loss | 2,867 | 2,247 | 952 | - | (903) | (648) | (11,028) | (6,513) |
| Charge direct to equity | - | - | - | (20,144) | - | - | - | (20,144) |
| Disposal of subsidiary | (5,655) | - | - | - | - | (211) | - | (5,866) |
| Exchange differences | 2,301 | - | (17) | - | - | (16) | (3,421) | (1,153) |
| Effect of change in tax rate: | | | | | | | | |
| –income statement | (2) | (17) | - | - | - | - | (4) | (23) |
| –equity | - | - | - | 1,413 | - | - | - | 1,413 |
| At 31 December 2014 | 19,962 | (14,529) | (434) | (7,909) | 5,878 | 935 | (32,326) | (28,423) |
| Charge/(credit) to profit or loss | (6,158) | 5,849 | (30) | - | (669) | (205) | 3,795 | 2,582 |
| Charge direct to equity | - | - | - | 7,161 | - | (762) | - | 6,399 |
| Exchange differences | 2,269 | - | (45) | - | - | (13) | (3,005) | (794) |
| Effect of change in tax rate: | | | | | | | | |
| –income statement | 228 | 381 | - | - | - | - | 82 | 691 |
| –equity | - | - | - | 89 | - | - | - | 89 |
| At 31 December 2015 | 16,301 | (8,299) | (509) | (659) | 5,209 | (45) | (31,454) | (19,456) |

| Company | Accelerated tax depreciation | Timing differences on accruals | Hedges | Total |
|-----------------------------------|---|---|---------------|--------------|
| | €'000 | €'000 | €'000 | €'000 |
| At 1 January 2014 | (2,146) | (15,264) | 12,064 | (5,346) |
| Charge/(credit) to profit or loss | (139) | 1,400 | (20,282) | (19,021) |
| Effect of change in tax rate: | | | | |
| –income statement | 9 | (17) | 1,483 | 1,475 |
| –equity | - | - | 202 | 202 |
| At 1 January 2015 | (2,276) | (13,881) | (6,533) | (22,690) |
| Charge/(credit) to profit or loss | 64 | 5,926 | 7,033 | 13,023 |
| Credit direct to equity | - | - | (1,248) | (1,248) |
| Effect of change in tax rate: | | | | |
| –income statement | 220 | 381 | - | 601 |
| –equity | - | - | 89 | 89 |
| At 31 December 2015 | (1,992) | (7,574) | (659) | (10,225) |

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23 Deferred tax (continued)

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | Group | | Company | |
|--------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Deferred tax liabilities | 7,326 | 7,228 | - | - |
| Deferred tax assets | (26,782) | (35,651) | (10,225) | (22,690) |
| | <u>(19,456)</u> | <u>(28,423)</u> | <u>(10,225)</u> | <u>(22,690)</u> |

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24 Provisions

| | Onerous contract €'000 | Decommissio ning €'000 | Other €'000 | Total €'000 |
|----------------------------------|---------------------------------------|---------------------------------------|------------------------|------------------------|
| Group | | | | |
| At 1 January 2014 | 47,755 | 5,836 | 425 | 54,016 |
| Additional provision in the year | | | 34 | 34 |
| Release unused to Profit or Loss | (5,528) | | (7) | (5,535) |
| Capitalised to tangible assets | | 28 | | 28 |
| Disposal of subsidiary | | (5,018) | | (5,018) |
| Exchange difference | | 37 | | 37 |
| At 31 December 2014 | <u>42,227</u> | <u>883</u> | <u>452</u> | <u>43,562</u> |
| Additional provision in the year | 11,723 | | 31 | 11,754 |
| Utilisation of provision | | (173) | | (173) |
| Release unused to Profit or Loss | | | (190) | (190) |
| Capitalised to tangible assets | | 11 | | 11 |
| Exchange difference | | 38 | | 38 |
| At 31 December 2015 | <u>53,950</u> | <u>759</u> | <u>293</u> | <u>55,002</u> |
| Company | | | | |
| At 1 January 2014 | 47,756 | - | - | 47,756 |
| Release unused to Profit or Loss | (5,529) | - | - | (5,529) |
| At 31 December 2014 | <u>42,227</u> | <u>-</u> | <u>-</u> | <u>42,227</u> |
| Additional provision in the year | 11,723 | - | - | 11,723 |
| At 31 December 2015 | <u>53,950</u> | <u>-</u> | <u>-</u> | <u>53,950</u> |

Decommissioning

A provision is recognised for the expected dismantling of equipment and rectification of land used for coal mining and coal storage. The provision assumes that most of these costs will be incurred in approximately 17 years for coal mining and 13 years for coal storage.

Onerous contracts

Provisions are recognised to the extent that the Group is exposed to contractual payments in chartering vessels in future periods where the contracted chartering rate is significantly above the forward market rate. An assessment of the forward market rate versus the contracted charter fee will be made periodically to determine the extent of any reversal of this impairment. The majority of the provision will be recognised over approximately the next 5 years.

Other

Other provisions represent statutory payments to Dutch employees on retirement, which will be released over the next forty years and maintenance costs at the Amstuw coal terminal, which will be released within 3 years.

EDF Trading Limited
Notes to the financial statements
For the year ended 31 December 2015

25 Share capital

Authorised, issued and fully paid:
81 million ordinary shares of €1 each

| 2015 €'000 | 2014 €'000 |
|---------------|---------------|
| 81,000 | 81,000 |

The Company has one class of ordinary shares which carry no right to fixed income.

26 Hedging and translation reserves

| | NIFO and Cash Flow Hedging Reserve €'000 | Group Foreign Currency Translation Reserve €'000 | Total €'000 | Company NIFO and Cash Flow Hedging Reserve €'000 | Total €'000 |
|--|--|---|----------------|---|----------------|
| At 1 January 2014 | 51,360 | (66,923) | (15,563) | 289 | 289 |
| Exchange differences | - | 84,427 | 84,427 | - | - |
| Cash flow hedge: fair value losses in the year | (1,057) | - | (1,057) | 1,010 | 1,010 |
| Tax on fair value (gains)/losses in year | (202) | - | (202) | (202) | (202) |
| NIFO hedge: fair value losses in the year | (93,830) | - | (93,830) | - | - |
| Tax on fair value (gains)/losses in year | 18,933 | - | 18,933 | - | - |
| At 31 December 2014 | (24,796) | 17,504 | (7,292) | 1,097 | 1,097 |
| Exchange differences | - | 73,746 | 73,746 | - | - |
| Cash flow hedge: fair value losses in the year | (4,147) | - | (4,147) | (6,161) | (6,161) |
| Tax on fair value (gains)/losses in year | 1,159 | - | 1,159 | 1,159 | 1,159 |
| NIFO hedge: fair value losses in the year | (90,176) | - | (90,176) | - | - |
| Tax on fair value (gains)/losses in year | (7,647) | - | (7,647) | - | - |
| At 31 December 2015 | (125,607) | 91,250 | (34,357) | (3,905) | (3,905) |

Hedging reserve

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the Group's presentational currency, being Euros, are recognised directly in the translation reserve. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are included in the hedging reserve.

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For the year ended 31 December 2015

27 Commitments and contingencies

| Lease commitments | Group | | Company | |
|---|---------|---------|---------|---------|
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Lease payments recognised as an expense in the year | 233,219 | 186,634 | 229,020 | 179,983 |

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2015 | 2014 | 2015 | 2014 |
|--|----------------|----------------|--------------|---------------|
| | €'000 | €'000 | €'000 | €'000 |
| Within one year | 20,873 | 10,886 | 1,097 | 9,325 |
| In the second to fifth years inclusive | 35,978 | 49,472 | 1,122 | 36,862 |
| In the sixth to tenth years inclusive | 35,105 | 23,633 | 2,192 | 10,164 |
| After ten years | 16,785 | 18,095 | 434 | - |
| | <u>108,741</u> | <u>102,086</u> | <u>4,845</u> | <u>56,351</u> |

Operating lease payments represent rentals payable by the group for certain of its time charter vessels, office properties, buildings, land and plant and equipment.

Lease contracts which are deemed to be onerous are provided for on balance sheet, see note 24. Future lease payments which are provided for within note 24 are excluded from the outstanding lease commitments disclosed above.

Bank guarantees and letters of credit

The Group has 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 Group at the year end is €634,000,000 (2014: €828,000,000).

28 Related party transactions

Trading transactions

During the year, group companies entered into the following transactions with related parties:

| Group | Sales | | Purchases | |
|----------------|-------------------|-------------------|-------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| EDF Group | 11,490,416 | 9,947,852 | 13,567,267 | 8,528,315 |
| Associates | - | - | 36,481 | 30,282 |
| | <u>11,490,416</u> | <u>9,947,852</u> | <u>13,603,748</u> | <u>8,558,597</u> |
| Company | | | | |
| EDF Group | 11,490,416 | 9,947,852 | 13,567,267 | 8,528,315 |
| Subsidiaries | 118,652 | 110,418 | 242,480 | 245,627 |
| | <u>11,609,068</u> | <u>10,058,270</u> | <u>13,809,747</u> | <u>8,773,942</u> |

EDF Trading Limited
Notes to the financial statements
For the year ended 31 December 2015

28 Related party transactions (continued)

The following amounts were outstanding at the balance sheet date:

| | Amounts owed by related parties | | Amounts owed to related parties | |
|----------------|---------------------------------|------------------|---------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Group | €'000 | €'000 | €'000 | €'000 |
| EDF Group | 2,690,059 | 2,239,013 | 1,739,266 | 1,177,396 |
| Associates | 7,942 | 8,029 | 5,086 | 3,793 |
| | <u>2,698,001</u> | <u>2,247,042</u> | <u>1,744,352</u> | <u>1,181,189</u> |
| Company | | | | |
| EDF Group | 2,689,818 | 2,238,857 | 1,739,266 | 1,098,976 |
| Subsidiaries | 25,209 | 9,081 | 90,733 | 149,502 |
| | <u>2,715,027</u> | <u>2,247,938</u> | <u>1,829,999</u> | <u>1,248,478</u> |

Sales and traded purchases were made at market price discounted to reflect the quantity of goods and the relationships between the parties. The amounts outstanding are unsecured and will be settled in cash. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Loans to related parties

| | Group | | Company | |
|---------------------|---------------|----------------|----------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Loans to associates | 36,279 | 120,621 | - | 82,719 |
| | <u>36,279</u> | <u>120,621</u> | <u>-</u> | <u>82,719</u> |

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the company, is set out below in aggregate for each of the relevant categories specified in IAS 24 Related Party Disclosures. The amounts disclosed below represent those in relation to the sole director who received remuneration in respect of services to the company.

| | 2015 | 2014 |
|--|--------------|--------------|
| | €'000 | €'000 |
| Salaries, fees, bonuses and benefits in kind | 3,189 | 2,308 |
| | <u>3,189</u> | <u>2,308</u> |

29 Events after the balance sheet date

There have been no significant events since the balance sheet date that require disclosure.

30 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.

EDF Trading Limited

Notes to the financial statements

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31 First time adoption of IFRS

Explanation of transition from UK GAAP to IFRS

The date of transition to IFRS is 1 January 2014. The Group applied IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS) in preparing their first IFRS consolidated financial statements. The effects of the transition to IFRS on equity and total comprehensive income are presented in this section.

Exemptions applied

IFRS 1 *First Time Adoption of International Financial Reporting Standards* allows first-time adopters certain exemptions from the retrospective application of certain IFRS.

Optional exemptions applied by the Group:

- Business combinations - The Group has elected not to apply IFRS 3 Business Combinations (IFRS 3) retrospectively to business combinations that occurred before the date of transition.

Mandatory exemptions applied by the Group:

- Derecognition of financial assets and liabilities - Financial assets and liabilities that have been de-recognised before the date of transition to IFRS under previous GAAP have not been recognised under IFRS.
- Hedge accounting - The Group has only applied hedge accounting in the opening statement of financial position where all the requirements in IAS 39 were met at the date of transition.
- Estimates - The Group has used estimates under IFRS that are consistent with those applied under previous GAAP (with adjustment for accounting policy differences) unless there is objective evidence those estimates were in error.

EDF Trading Limited
Notes to the financial statements
For the year ended 31 December 2015

31 First time adoption of IFRS (continued)

Group reconciliation of equity as at 1 January 2014 (date of transition to IFRS)

| | UK GAAP | Presentational Classifications | A | B | D | E | IFRS as at 1 January 2014 |
|-----------------------------------|------------|--------------------------------|---------|-------|---------|---------|---------------------------|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Non-current assets | | | | | | | |
| Intangible assets | 26,673 | | | 6,781 | | | 33,454 |
| Property, plant and equipment | 253,337 | | 24,908 | | | | 278,245 |
| Interest in associates | 559,805 | (14,415) | | | | (8,543) | 536,847 |
| Interest in JV | 936 | | (936) | | | | - |
| Derivative financial assets | | 2,074,646 | | | | | 2,074,646 |
| Other assets | - | 79,030 | | | | | 79,030 |
| Deferred tax asset | - | 10,218 | | | | | 10,218 |
| | 840,751 | 2,149,479 | 23,972 | 6,781 | - | (8,543) | 3,012,440 |
| Current assets | | | | | | | |
| Inventories | 452,647 | | | | | | 452,647 |
| Prepaid expenses and other assets | | 19,226 | | | | | 19,226 |
| Cash and bank balances | 400,067 | | 387 | | | | 400,454 |
| Derivative financial assets | - | 1,993,288 | | | | | 1,993,288 |
| Trade and other receivables | 10,290,501 | (4,856,447) | 1,506 | | | | 5,435,560 |
| Loans and receivables | - | 694,410 | | | | | 694,410 |
| | 11,143,215 | (2,149,523) | 1,893 | - | - | - | 8,995,585 |
| Total assets | 11,983,966 | (44) | 25,865 | 6,781 | - | (8,543) | 12,008,025 |
| Current liabilities | | | | | | | |
| Loans | 1,787 | (1,787) | | | | | - |
| Current tax liabilities | - | 29,473 | | | | (1,729) | 27,744 |
| Derivative financial liabilities | - | 1,681,969 | | | | | 1,681,969 |
| Trade and other payables | 7,797,986 | (3,327,450) | 6,466 | 2 | | | 4,477,004 |
| | 7,799,773 | (1,617,795) | 6,466 | 2 | - | (1,729) | 6,186,717 |
| Net current assets | 3,343,442 | (531,728) | (4,573) | (2) | - | 1,729 | 2,808,868 |
| Non-current liabilities | | | | | | | |
| Deferred tax liabilities | - | 4,803 | 870 | 6,781 | 1,627 | | 14,081 |
| Provisions | 58,818 | (4,802) | | | | | 54,016 |
| Borrowings | 1,456,839 | (21,460) | 18,396 | | | 43 | 1,453,818 |
| Derivative financial liabilities | - | 1,616,009 | | | | | 1,616,009 |
| Trade and other payables | - | | | | | | - |
| Other liabilities | - | 23,201 | 133 | (4) | | | 23,330 |
| | 1,515,657 | 1,617,751 | 19,399 | 6,777 | 1,627 | 43 | 3,161,254 |
| Total liabilities | 9,315,430 | (44) | 25,865 | 6,779 | 1,627 | (1,686) | 9,347,971 |
| Net assets | 2,668,536 | - | - | 2 | (1,627) | (6,857) | 2,660,054 |
| Equity | | | | | | | |
| Share capital | 81,000 | | | | | | 81,000 |
| Capital redemption reserve | 9,138 | | | | | | 9,138 |
| Hedging and translation reserves | (15,662) | | | 188 | | (89) | (15,563) |
| Other reserves | 350,604 | | | 30 | | | 350,634 |
| Retained earnings | 2,243,456 | | | (216) | (1,627) | (6,768) | 2,234,845 |
| Total equity | 2,668,536 | - | - | 2 | (1,627) | (6,857) | 2,660,054 |

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31 First time adoption of IFRS (continued)

Company reconciliation of equity as at 1 January 2014 (date of transition to IFRS)

| | UK GAAP | Presentational Classifications | E | IFRS as at 1 January 2014 |
|-----------------------------------|-------------------|--------------------------------|----------------|---------------------------|
| | €'000 | €'000 | €'000 | €'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 6,224 | (1) | | 6,223 |
| Interest in associates | 748,540 | | (8,543) | 739,997 |
| Investment in subsidiaries | 261,717 | | | 261,717 |
| Interest in JV | 1 | (1) | | - |
| Derivative financial assets | - | 1,702,664 | | 1,702,664 |
| Other assets | - | 69,044 | | 69,044 |
| Deferred tax asset | - | 5,346 | | 5,346 |
| | <u>1,016,482</u> | <u>1,777,052</u> | <u>(8,543)</u> | <u>2,784,991</u> |
| Current assets | | | | |
| Inventories | 448,956 | | | 448,956 |
| Prepaid expenses and other assets | | 17,601 | | 17,601 |
| Cash and bank balances | 302,647 | | | 302,647 |
| Derivative financial assets | - | 2,351,298 | | 2,351,298 |
| Trade and other receivables | 10,124,227 | (4,790,944) | | 5,333,283 |
| Loans and receivables | - | 644,991 | | 644,991 |
| | <u>10,875,830</u> | <u>(1,777,054)</u> | <u>-</u> | <u>9,098,776</u> |
| Total assets | <u>11,892,312</u> | <u>(2)</u> | <u>(8,543)</u> | <u>11,883,767</u> |
| Current liabilities | | | | |
| Loans | 1,787 | (1,787) | | - |
| Current tax liabilities | - | 17,851 | (1,729) | 16,122 |
| Derivative financial liabilities | - | 1,956,597 | | 1,956,597 |
| Trade and other payables | 7,615,079 | (3,334,120) | | 4,280,959 |
| | <u>7,616,866</u> | <u>(1,361,459)</u> | <u>(1,729)</u> | <u>6,253,678</u> |
| Net current assets | <u>3,258,964</u> | <u>(415,595)</u> | <u>1,729</u> | <u>2,845,098</u> |
| Non-current liabilities | | | | |
| Provisions | 47,754 | 2 | | 47,756 |
| Borrowings | 1,455,890 | (20,468) | | 1,435,422 |
| Derivative financial liabilities | - | 1,359,668 | | 1,359,668 |
| Other liabilities | - | 22,254 | | 22,254 |
| | <u>1,503,644</u> | <u>1,361,456</u> | <u>-</u> | <u>2,865,100</u> |
| Total liabilities | <u>9,120,510</u> | <u>(3)</u> | <u>(1,729)</u> | <u>9,118,778</u> |
| Net assets | <u>2,771,802</u> | <u>1</u> | <u>(6,814)</u> | <u>2,764,989</u> |
| Equity | | | | |
| Share capital | 81,000 | | | 81,000 |
| Capital redemption reserve | 9,138 | | | 9,138 |
| Hedging and translation reserves | 288 | 1 | | 289 |
| Other reserves | 565,160 | | | 565,160 |
| Retained earnings | 2,116,216 | | (6,814) | 2,109,402 |
| Total equity | <u>2,771,802</u> | <u>1</u> | <u>(6,814)</u> | <u>2,764,989</u> |

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31 First time adoption of IFRS (continued)

Group reconciliation of equity as at 31 December 2014

| | UK GAAP | Presentational | A | B | D | E | IFRS as at 31 |
|-----------------------------------|------------|-----------------|---------|-------|-------|---------|---------------|
| | €'000 | Classifications | €'000 | €'000 | €'000 | €'000 | December 2014 |
| | | €'000 | | | | | €'000 |
| Non-current assets | | | | | | | |
| Intangible assets | 23,892 | | | 5,878 | | | 29,770 |
| Property, plant and equipment | 200,912 | 114 | 23,019 | | | | 224,045 |
| Interest in associates | 575,985 | (104) | | | | (8,543) | 567,338 |
| Interest in JV | 1,652 | | (1,652) | | | | - |
| Derivative financial assets | - | 2,361,991 | | | | | 2,361,991 |
| Other assets | - | 62,494 | | | | | 62,494 |
| Deferred tax asset | - | 35,651 | | | | | 35,651 |
| | 802,441 | 2,460,146 | 21,367 | 5,878 | - | (8,543) | 3,281,289 |
| Current assets | | | | | | | |
| Inventories | 435,215 | | | | | | 435,215 |
| Prepaid expenses and other assets | - | 41,309 | | | | | 41,309 |
| Cash and bank balances | 70,503 | | 865 | | | | 71,368 |
| Derivative financial assets | - | 3,694,395 | | | | | 3,694,395 |
| Trade and other receivables | 11,340,312 | (6,325,330) | 1,498 | | | | 5,016,480 |
| Loans and receivables | - | 120,621 | | | | | 120,621 |
| | 11,846,030 | (2,469,005) | 2,363 | - | - | - | 9,379,388 |
| Total assets | 12,648,471 | (8,859) | 23,730 | 5,878 | - | (8,543) | 12,660,677 |
| Current liabilities | | | | | | | |
| Loans | 833 | (833) | | | | | - |
| Current tax liabilities | - | 45,014 | | | | (1,730) | 43,284 |
| Derivative financial liabilities | - | 3,667,361 | | | | | 3,667,361 |
| Trade and other payables | 9,420,039 | (5,653,969) | 4 | | (4) | | 3,766,070 |
| | 9,420,872 | (1,942,427) | 4 | - | (4) | (1,730) | 7,476,715 |
| Net current assets | 2,425,158 | (526,578) | 2,359 | - | 4 | 1,730 | 1,902,673 |
| Non-current liabilities | | | | | | | |
| Deferred tax liabilities | - | 550 | 943 | 5,878 | (143) | | 7,228 |
| Provisions | 45,360 | (1,798) | | | | | 43,562 |
| Borrowings | 476,578 | (32,244) | 22,706 | | | | 467,040 |
| Derivative financial liabilities | - | 1,889,246 | | | | | 1,889,246 |
| Trade and other payables | - | 44,737 | | | | | 44,737 |
| Other liabilities | - | 33,077 | 77 | | | | 33,154 |
| | 521,938 | 1,933,568 | 23,726 | 5,878 | (143) | - | 2,484,967 |
| Total liabilities | 9,942,810 | (8,859) | 23,730 | 5,878 | (147) | (1,730) | 9,961,682 |
| Net assets | 2,705,661 | - | - | - | 147 | (6,813) | 2,698,995 |
| Equity | | | | | | | |
| Share capital | 81,000 | | | | | | 81,000 |
| Capital redemption reserve | 9,138 | | | | | | 9,138 |
| Hedging and translation reserves | (7,210) | | | | (82) | | (7,292) |
| Other reserves | 321,554 | | | | | | 321,554 |
| Retained earnings | 2,301,179 | | | | 229 | (6,813) | 2,294,595 |
| Total equity | 2,705,661 | - | - | - | 147 | (6,813) | 2,698,995 |

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For the year ended 31 December 2015

31 First time adoption of IFRS (continued)

Company reconciliation of equity as at 31 December 2014

| | UK GAAP | Presentational | E | IFRS as at 31 |
|-----------------------------------|-------------------|--------------------|----------------|-------------------|
| | €'000 | Classifications | €'000 | December |
| | €'000 | €'000 | €'000 | 2014 |
| | | | | €'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 3,639 | (2) | | 3,637 |
| Interest in associates | 748,540 | | (8,543) | 739,997 |
| Investment in subsidiaries | 250,332 | | | 250,332 |
| Interest in JV | 1 | (1) | | - |
| Derivative financial assets | - | 2,341,522 | | 2,341,522 |
| Other assets | - | 100,394 | | 100,394 |
| Deferred tax asset | - | 22,690 | | 22,690 |
| | <u>1,002,512</u> | <u>2,464,603</u> | <u>(8,543)</u> | <u>3,458,572</u> |
| Current assets | | | | |
| Inventories | 431,930 | (1) | | 431,929 |
| Prepaid expenses and other assets | - | 40,299 | | 40,299 |
| Cash and bank balances | 20,628 | | | 20,628 |
| Derivative financial assets | - | 3,662,382 | | 3,662,382 |
| Trade and other receivables | 11,200,153 | (6,250,008) | | 4,950,145 |
| Loans and receivables | - | 82,719 | | 82,719 |
| | <u>11,652,711</u> | <u>(2,464,609)</u> | <u>-</u> | <u>9,188,102</u> |
| Total assets | <u>12,655,223</u> | <u>(6)</u> | <u>(8,543)</u> | <u>12,646,674</u> |
| Current liabilities | | | | |
| Loans | 833 | (833) | | - |
| Current tax liabilities | - | 44,389 | (1,731) | 42,658 |
| Derivative financial liabilities | - | 3,631,855 | | 3,631,855 |
| Trade and other payables | 9,344,351 | (5,547,200) | | 3,797,151 |
| | <u>9,345,184</u> | <u>(1,871,789)</u> | <u>(1,731)</u> | <u>7,471,664</u> |
| Net current assets | <u>2,307,527</u> | <u>(592,820)</u> | <u>1,731</u> | <u>1,716,438</u> |
| Non-current liabilities | | | | |
| Provisions | 42,227 | | | 42,227 |
| Borrowings | 483,097 | (32,264) | | 450,833 |
| Derivative financial liabilities | - | 1,870,956 | | 1,870,956 |
| Other liabilities | - | 33,091 | | 33,091 |
| | <u>525,324</u> | <u>1,871,783</u> | <u>-</u> | <u>2,397,107</u> |
| Total liabilities | <u>9,870,508</u> | <u>(6)</u> | <u>(1,731)</u> | <u>9,868,771</u> |
| Net assets | <u>2,784,715</u> | <u>-</u> | <u>(6,812)</u> | <u>2,777,903</u> |
| Equity | | | | |
| Share capital | 81,000 | | | 81,000 |
| Capital redemption reserve | 9,138 | | | 9,138 |
| Hedging and translation reserves | 1,097 | | | 1,097 |
| Other reserves | 565,160 | | | 565,160 |
| Retained earnings | 2,128,320 | | (6,812) | 2,121,508 |
| Total equity | <u>2,784,715</u> | <u>-</u> | <u>(6,812)</u> | <u>2,777,903</u> |

EDF Trading Limited
Notes to the financial statements
For the year ended 31 December 2015

31 First time adoption of IFRS (continued)

Group reconciliation of total comprehensive income for the year ended 31 December 2014

| | UK GAAP | Presentational | | | | | IFRS as at 31 |
|--|----------------|------------------------|--------------|--------------|---------------|--------------|----------------------|
| | €'000 | Classifications | A | B | C | D | December |
| | | €'000 | €'000 | €'000 | €'000 | €'000 | 2014 |
| | | | | | | | €'000 |
| Net trading income | 572,712 | | 2,981 | | | | 575,693 |
| Other operating income | 14,169 | | | | | (716) | 13,453 |
| Administrative expenses | (166,806) | 18,695 | | (87) | | 280 | (147,918) |
| Other operating expenses | (2,914) | (20,409) | (1,907) | (910) | | 7 | (26,133) |
| Operating profit | 417,161 | (1,714) | 1,074 | (997) | - | (429) | 415,095 |
| Investment revenue | 34,212 | | | | (3,341) | (47) | 30,824 |
| Other gains and losses | - | 1,713 | | 801 | | 2,313 | 4,827 |
| Finance costs | (64,225) | | | | 14,817 | (665) | (50,073) |
| Profit before taxes of consolidated companies | 387,148 | (1) | 1,074 | (196) | 11,476 | 1,172 | 400,673 |
| Tax | (89,129) | 1 | | 903 | 2,246 | 143 | (85,836) |
| Share of results of associates | 10,998 | | (1,074) | | (13,722) | 5 | (3,793) |
| Profit for the period | 309,017 | - | - | 707 | - | 1,320 | 311,044 |

EDF Trading Limited

Notes to the financial statements

For the year ended 31 December 2015

31 First time adoption of IFRS (continued)

Notes to the reconciliation of equity as at 1 January 2014 and 31 December 2014 and total comprehensive income for the year ended 31 December 2014.

A Interest in Westminster JV

Under UK GAAP Westminster is accounted for as a Joint Arrangement Not an Entity (JANE). EDFT's shareholding is 50% of Westminster, as such, gross assets and liabilities were presented in non-current assets under UK GAAP. Under IFRS Westminster's balances are proportionately consolidated as it represents a joint operation and included in all relevant balances on the balance sheet.

B Amstuw Intangible deferred tax

Under UK GAAP no deferred tax postings were made as there is no deduction allowed on any expenditure on intangible assets. Whereas under IFRS deferred tax postings are made as IFRS compares the tax base and the carrying amount of the asset.

C Results of EDF Inc associate

Under UK GAAP the parent's share of the results of an associate is split out to the appropriate lines on the Profit & Loss statement below operating profit. Under IFRS the parent's share of the associates' results is shown together in one line on the Profit & Loss statement.

D EDFT Gas Storage Disposal

The deferred tax liability on fixed assets within EDFT Gas Storage Limited (disposed in 2014) are not recognised under UKGAAP. In addition foreign exchange gains on the disposal of EDFT Gas Storage Limited were not recognised under UKGAAP. This has been adjusted to recognise the gains for the opening IFRS profit or loss.

E Credit derivatives

As a result of transition to IFRS, the accounting policy for PCG credit derivatives has been revised. Under UK GAAP the credit derivative was initially recorded as a contribution to EDF Inc, with 100% of the contribution being recognised as an investment in the associate with subsequent fair value movements going to the Income Statement. Under IFRS, the policy has changed to recognise only EDFT's share (17.5%) of the capital contribution, with the remaining balance being taken to the Income Statement on inception.

Presentation differences

Certain presentation differences between UK GAAP and IFRS have no impact on reported profit or equity.

Some assets and liabilities have been reclassified into another line item under IFRS at the date of transition. Some line items are described differently (renamed) under IFRS compared to UK GAAP, although the assets and liabilities included in these line items are unaffected. These line items are as follows (with UK GAAP descriptions in brackets):

- Property plant and equipment (Tangible assets)
- Trade and other receivables (Debtors)
- Deferred tax (Debtors due after one year & Non-current liabilities: amounts falling due after more than one year)
- Inventories (Stocks)
- Derivative financial instruments (Debtors - due within one year & Other creditors)
- Prepaid expenses and other assets (Debtors - due within one year)
- Trade and other payables (Other creditors)
- Provisions (Provisions for liabilities)