

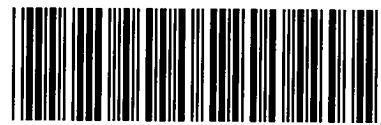
**Company Registration No. 3750288**

**EDF Trading Limited**

**Annual Report and Financial Statements**

**31 December 2013**

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COMPANIES HOUSE

# **EDF Trading Limited**

## **Report and financial statements**

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# **EDF Trading Limited**

## **Report and financial statements**

## **Officers and professional advisers**

### **Directors**

Béatrice Bigois  
Bénédicte Gendry  
Marianne Laigneau  
Martin Lawrence (resigned 31/12/13)  
Bruno Lescoeur  
Thomas Piquemal (appointed 10/7/13)  
John Rittenhouse  
Gérard Roth (appointed 14/5/13)  
Eric Thomas (appointed 14/5/13)  
Philippe Torrion  
Stéphane Tortajada (resigned 10/7/13)  
Magali Viandier (appointed 10/7/13)  
Gérard Wolf (resigned 15/5/13)

### **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

## Strategic report

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

EDFT's year on year traded volumes were:

Traded volumes per commodity (physical and derivatives)		Unit	2013	2012
Power	TWh		2,207	2,653
Gas	Billion therms		81	270
Coal	Million tonnes		629	629
Freight	Million tonnes		322	190
CO <sub>2</sub>	Million tonnes		459	380

During 2013 the Group has continued to optimise its asset backed trading portfolio, in all trading regions. EDFT has continued to create value within the EDF Group, optimising long-term positions arising from EDF Group power plants and other assets and adding new structured power transactions to its portfolio.

Energy commodity markets generally have reflected the global economic situation, and - in addition to this broader influence - power and gas markets have reflected exceptional local weather conditions. Certain markets, such as environmental products, have been impacted by regulatory changes and uncertainties. Despite relatively low volatility and reduced commodity prices EDFT has continued to trade profitably in this environment. In 2013 EDFT generated €567,873,000 net trading margin (2012: €748,384,000). EDFT continues to maintain an effective system of internal controls, for details, please refer to the Risk Management section of the Directors' Report.

During 2012, Electricité de France S.A. ("EDF") restructured its holdings in North America. As part of the restructure EDFT transferred its 100% interest in EDF Trading Holdings LLC (previously known as EDF Trading North America Inc.) to EDF Inc., simultaneously acquiring a 17.5% share in EDF Inc. As a result of the restructure, EDFT recorded a profit on the disposal of its subsidiary, recorded within the statement of recognised gains and losses, of €349,767,000, partially offset by a related goodwill impairment charge on acquisition of the stake in EDF Inc. of €51,517,000 in the profit and loss account. The results of EDFT Holdings LLC up to 31 May 2012 are fully consolidated while EDFT's share of the results of EDF Inc. after that date are reflected in these financial statements as an interest in associate (see note 11).

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

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



R W Quick  
Secretary

17 April 2014  
Third floor, Cardinal Place  
80 Victoria Street  
London  
SW1E 5JL

# EDF Trading Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

### Results and dividends

EDF Trading Limited ("the Company" or "EDFT") and its direct and indirect wholly-owned subsidiaries, joint ventures and associates (see note 11) (together the "Group") recognised profit after tax for the year of €251,294,000 (2012: €312,821,000). The accounts for the year ended 31 December 2013 are set out on pages 13 to 45. A dividend of €235,000,000 was declared and paid during 2013 (2012: €275,000,000).

### Risk management

#### *Risk governance*

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

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

#### *Risk Committee:*

The Risk Committee 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 measurement and management framework.

#### *New Business Committee:*

The New Business Committee oversees all aspects of market risk and operational risk management of proposals for all new transactions 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 transactions and activities and, if appropriate, new risk parameters.

#### *Credit Committee:*

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

### *Risk management organisation*

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

# EDF Trading Limited

## Directors' report (continued)

### Risk management (continued)

#### *Market risks*

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

#### *Value-at-Risk (VaR)*

The Group uses daily VaR measures as the primary mechanism for market risk control. The daily VaR measure is the potential profit or loss that might arise if current positions were unchanged over one business day at a 95% confidence level. Daily profits or losses exceeding this VaR measure are expected to occur on average once every twenty business days. The Risk Committee has allocated VaR limits to all trading desks and daily risk reports are produced for all major risk categories - power, gas, oil, coal, freight and carbon emissions - to monitor VaR exposure. At 31 December 2013, the VaR limit for the Group trading books (excluding Chubu and EDF Paliwa businesses) was €26,400,000 (2012: €34,000,000). The average VaR utilisation during 2013 was €5,687,957 (2012: €8,378,386). 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 scope of 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*

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

#### *Structured transaction accounts*

Structured transaction accounts are used to account for longer-term risks or illiquid basis risks, which arise from long-term over-the-counter transactions ("structured transactions"). All new structured transactions require the approval of the 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 liquidities are conducted regularly to ensure that hedgeable risks are transferred to trading books. The structured transaction accounts are subject to regular stress testing by the 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, Asia and North America.

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 Regional 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. The analysis is used to determine an internal rating to calculate default probabilities and recovery rates and credit pricing.

# EDF Trading Limited

## Directors' report (continued)

### Risk management (continued)

#### *Credit risk (continued)*

A strong credit risk culture established across all business functions provides the foundation of EDFT's credit risk management processes. The processes incorporate cross functional input to support risk identification and mitigation, ensuring a comprehensive, co-ordinated management of the credit risk. Global systems support portfolio analysis, stress testing and scenario testing of positions. 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 that 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. The Head of Credit is Chair of the European Energy Credit Association and a Director and Board Member of its parent entity, the International Energy Credit Association, developing global educational events specialising in credit risk management.

#### *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 and systems. EDFT assesses the level of operational risk in its various business processes on an ongoing basis and has implemented a series of checks and backup systems based on the risk assessment. Our procedures are designed to prevent the occurrence of operational errors and, should an error occur, quickly detect its occurrence in order to minimise its impact. Performance indicators are used to monitor the effectiveness of key operational processes and to provide assurance that the process continues to function effectively.

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

#### *Legal risks*

The legal team is involved in every significant transaction. No agreements can be concluded without their sign off. The legal team provides essential advice and guidance to senior management on all business issues and 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 UK accounting principles. The overall valuation of the trading portfolio includes an allowance for credit and operational risks. The market prices used to value Group's positions take account of the cost of closing out the Group's net trading position in the market.

#### *Capital management*

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

# EDF Trading Limited

## Directors' report (continued)

### Risk management (continued)

#### *Capital management (continued)*

At the end of 2013, total capital at risk\* was €1,160,000,000 (2012: €1,271,000,000) or 43.5% of total Group shareholder's funds (2012: 46.3%).

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

#### *Liquidity risk management*

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

EDFT has committed and uncommitted funding facilities from EDF and participates in EDF cash pooling and Eurobond arrangements. The facilities are reviewed frequently and EDFT produces cash flow forecasts that are stress tested to ensure that EDFT has sufficient liquidity to withstand stressed market conditions or an extreme event. As at 31 December 2013, the Group had total available liquidity of €4,110,000,000 (2012: €3,330,384,000). EDFT have a €2bn committed facility and €60,000,000 of other uncommitted facilities provided by EDF.

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

#### *Foreign exchange risk*

The euro is the functional currency of the Company and the presentation currency of the Group. The functional currency of subsidiary undertakings is that 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, oil, US power and gas). 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.

### Company secretary

R W Quick served as company secretary during the year.

### Directors

The directors, who served during the year, are noted on page 2 and, except as disclosed, served throughout the year and to the date of this report.

\* Capital at risk includes tangible and intangible assets, market risk capital and credit risk capital.



# **EDF Trading Limited**

## **Directors' report (continued)**

### **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 through the EDFT intranet site, which includes updates by management, formal and informal meetings as appropriate, weekly email updates to all staff in the form of a staff bulletin, 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.

### **Events since the balance sheet date**

Other than the sale of EDFT Gas Storage Limited on 1st April 2014 and dividends declared there have been no significant events since the balance sheet date that require disclosure.

### **Auditor**

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

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

# **EDF Trading Limited**

## **Directors' report (continued)**

### **Auditor (continued)**

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

17 April 2014  
Third floor, Cardinal Place  
80 Victoria Street  
London  
SW1E 5JL

# **EDF Trading Limited**

## **Directors' responsibilities statement**

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

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

In preparing these financial statements, the directors are required to:

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

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.

## **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 2013 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Balance Sheets and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's 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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's 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 2013 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

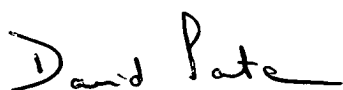
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the member of EDF Trading Limited (continued)**

### **Matters on which we are required to report by exception**

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

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



David Paterson, FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

17 April 2014

# EDF Trading Limited

## Group profit and loss account Year ended 31 December 2013

	Notes	2013 €'000	2012 €'000
<b>Turnover</b>			
Existing Operations		144,988,881	160,666,578
Acquisitions: undertaken in 2012		-	11,601
Less: Share of joint ventures' turnover		(2,714)	(4,203)
<b>Group turnover</b>	2	144,986,167	160,673,976
Cost of sales		(144,418,294)	(159,925,592)
<b>Net trading income</b>		567,873	748,384
Administrative expenses		(170,813)	(217,722)
Other operating income		10,394	6,009
Impairment reversal / (loss)	3	7,035	(66,335)
<b>Operating profit / (loss)</b>			
Existing operations		414,489	477,269
Acquisitions		-	(6,933)
<b>Group operating profit</b>	3	414,489	470,336
Share of joint ventures' operating profit		1,495	813
Share of associates' operating (loss) / profit	11	(33,377)	4,695
<b>Total operating profit: group and share of joint ventures and associates</b>		382,607	475,844
Interest receivable	6	15,971	13,701
Interest payable and similar charges	6	(52,426)	(46,643)
<b>Profit on ordinary activities before taxation</b>		346,152	442,902
Tax on profit on ordinary activities	7	(94,865)	(133,497)
<b>Profit on ordinary activities after taxation</b>		251,287	309,405
Equity minority interests	21	7	3,416
<b>Profit for the financial year</b>	20	251,294	312,821

# EDF Trading Limited

## Group statement of total recognised gains and losses Year ended 31 December 2013

	Notes	2013 €'000	2012 €'000
Profit/(loss) for the year			
- Group		292,793	309,679
- Joint ventures		1,077	421
- Associates		(42,576)	2,721
	20	<u>251,294</u>	<u>312,821</u>
Movement in other reserves	20		
- Group		(52,546)	42,110
- Associates		45,222	7,701
Unrealised gain on disposal of subsidiary	20	-	349,767
Tax on items taken directly to equity	20		
- Group		(3,614)	(14,851)
<b>Total recognised gains and losses</b>		<u><u>240,356</u></u>	<u><u>697,548</u></u>

# EDF Trading Limited

## Group and Parent Company balance sheets 31 December 2013

	Notes	Group 2013 €'000	Company 2013 €'000	Group 2012 €'000	Company 2012 €'000
<b>Fixed assets</b>					
Terminal operating rights	9	26,673	-	28,659	-
Intangible assets		26,673	-	28,659	-
Tangible assets	10	253,337	6,224	267,794	7,982
Interest in associate undertakings	11	559,806	748,540	621,688	739,997
Investment in subsidiary undertakings	11	-	261,717	-	258,608
Interest in joint ventures	11	-	1	-	1
- share of gross assets		26,803	-	34,482	-
- share of gross liabilities		(25,867)	-	(34,519)	-
		840,752	1,016,482	918,104	1,006,588
<b>Current assets</b>					
Stocks	12	452,646	448,956	560,057	555,552
Debtors					
- due within one year	13	10,201,254	9,994,276	10,416,873	10,522,137
- due after one year	13	89,247	129,951	112,899	175,049
Cash at bank and in hand		400,067	302,647	88,284	1,924
		11,143,214	10,875,830	11,178,113	11,254,662
<b>Creditors: amounts falling due within one year</b>					
Loans	15	(1,787)	(1,787)	(476,326)	(476,326)
Other creditors	15	(7,797,986)	(7,615,079)	(8,370,838)	(8,522,614)
<b>Net current assets</b>		3,343,441	3,258,964	2,330,949	2,255,722
<b>Total assets less current liabilities</b>		4,184,193	4,275,446	3,249,053	3,262,310
<b>Creditors: amounts falling due after more than one year</b>	16	(1,456,839)	(1,455,890)	(475,668)	(473,966)
<b>Provisions for liabilities</b>	17	(58,818)	(47,754)	(113,445)	(92,326)
<b>Net assets</b>		2,668,536	2,771,802	2,659,940	2,696,018



# EDF Trading Limited

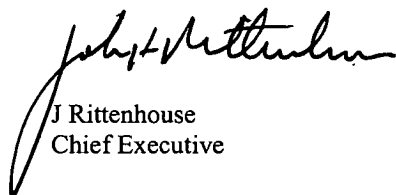
## Group and Parent Company balance sheets 31 December 2013 (continued)

	Notes	Group 2013 €'000	Company 2013 €'000	Group 2012 €'000	Company 2012 €'000
<b>Capital and reserves</b>					
Called up share capital	19	81,000	81,000	81,000	81,000
Capital redemption reserve	20	9,138	9,138	9,138	9,138
Group reconstruction reserve	20	298,250	565,160	298,250	565,160
Other reserves	20	36,863	288	47,801	(1,764)
Profit and loss account	20	2,243,456	2,116,216	2,227,162	2,042,484
<b>Total shareholder's funds</b>		<u>2,668,707</u>	<u>2,771,802</u>	<u>2,663,351</u>	<u>2,696,018</u>
<b>Minority interests</b>	21	<u>(171)</u>	<u>-</u>	<u>(3,411)</u>	<u>-</u>
<b>Total capital employed</b>		<u><u>2,668,536</u></u>	<u><u>2,771,802</u></u>	<u><u>2,659,940</u></u>	<u><u>2,696,018</u></u>

A statement of movement in shareholder's funds is given in note 20.

The financial statements of EDF Trading Limited, registered company number 3750288, were approved by the Board of Directors and authorised for issue on 17 April 2014.

Signed on behalf of the Board of Directors



J Rittenhouse  
Chief Executive

# **EDF Trading Limited**

## **Notes to the accounts** **Year ended 31 December 2013**

### **1. Accounting policies**

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

#### **Basis of consolidation**

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

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

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

#### **Associates**

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

#### **Joint ventures**

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

#### **Cash flow statement**

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

#### **Profit of parent company**

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The profit dealt with in the accounts of the Company was €308,732,000 (2012: €256,780,000).

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 1. Accounting policies (continued)

#### Foreign currency translation

##### *Functional and presentation currency*

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

##### *Transactions and balances*

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

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

##### *Group companies*

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

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

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

#### Finance costs

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

#### Assets under construction

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

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 1. Accounting policies (continued)

#### Depreciation

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

Systems development	3 years
Computer equipment	3 to 4 years
Furniture and fittings	4 years
Communication equipment	4 years
Leasehold improvements	4 years
Plant and equipment	20 years
Buildings	40 years
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 commercial 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. Land is not depreciated.

#### Intangible assets – terminal operating rights

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

#### Investments

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

#### Impairment

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

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

#### Stocks

Stocks represent commodities held for trading purposes and are held at fair value. This is not in accordance with the requirements of SSAP9, stocks and long-term contracts, which requires stocks to be valued at the lower of cost and net realisable value. However, the directors believe that because they adopt mark-to-market accounting as a trading business, the valuation of stock at fair value is required to show a true and fair view. An estimate of the impact of this policy is disclosed in note 12 to the financial statements.

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 1. Accounting policies (continued)

#### Financial instruments

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

#### *Forward commodity contracts and derivative financial instruments*

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

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

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

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

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

#### *Hedge accounting*

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

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

Note 18 contains details of the fair values of the derivative instruments used for hedging purposes. Movements on the hedging reserve in equity are also detailed in note 20 as part of the “Other reserves”.

#### *Fair value hedge*

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

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### Accounting policies (continued)

#### Financial instruments (continued)

##### *Cash flow hedge*

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

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

##### *Hedges of net investments in foreign operations*

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

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

#### **Cash at bank and in hand**

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

#### **Leases**

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

#### **Provisions for liabilities and charges**

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

A provision for onerous contracts is recognised to the extent that the Group is exposed to ongoing costs associated with the assignment of the lease on its former office and time charter shipping contracts where the contracted chartering rate is significantly above the forward market rate.

#### **Pension costs**

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

# **EDF Trading Limited**

## **Notes to the accounts Year ended 31 December 2013**

### **1. Accounting policies (continued)**

#### **Taxation including deferred tax**

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

Current tax, including UK Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Current tax is recognised in the profit and loss account for the period, except to the extent that it is attributable to a gain or loss that has been recognised directly in the statement of total recognised gains and losses. Where a gain or loss has been recognised directly in the statement of total recognised gains and losses, the tax relating to that gain or loss has also been recognised directly in that statement.

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

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

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

### **2. Turnover**

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

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

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

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 3. Operating profit

Operating profit is stated after charging / (crediting):

	2013 €'000	2012 €'000
Amortisation of terminal operating rights (note 9)	1,986	2,245
Amortisation of intellectual property (note 9)	-	956
Depreciation of tangible fixed assets (note 10)		
- owned	12,170	14,987
(Profits)/Losses on currency translations	(1,568)	1,182
(Reversal) / Impairment of vessel (note 10)	(6,098)	3,669
Impairment of positive goodwill (notes 9 and 11)	-	55,841
Impairment of tangible fixed assets (note 10)	1,696	2,582
(Reversal) / Write down of inventory	(2,633)	4,243
Total impairment loss	(7,035)	66,335
Operating lease rentals		
- Land and buildings	10,460	14,865
- Plant and machinery	3	5
- Charter arrangements and other	170,822	179,758
Profit on disposal of tangible fixed assets	(269)	(135)
Profit on disposal of subsidiary	(861)	(4,771)
<i>Auditor's Remuneration: **</i>		
Fees payable to the Company's auditor for the audit of parent company and consolidated financial statements*	556	604
Other services pursuant to legislation	159	190
The audit of company's subsidiaries pursuant to legislation	160	320
Fees payable to the Group's auditor and their associates for other services to the Group	159	25
	<u>1,034</u>	<u>1,139</u>
Other services relate to:		
- Taxation	<u>159</u>	<u>25</u>

\* The 2012 fee includes €112,000 of costs in respect of 2011.

\*\* Included in share of associates' operating profit is €93,000 fees payable to the Company's auditor for the audit of associate undertakings, 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 accounts Year ended 31 December 2013

### 4. Staff costs

The average monthly number of Group employees (including executive directors) was 676 (2012: 813). The number of employees at the end of December was 666 (2012: 697).

Their aggregate remuneration comprised:

	2013 €'000	2012 €'000
Wages and salaries	102,707	116,948
Social security costs	12,633	14,728
Employer's contribution to Group personal pension scheme	4,125	6,510
Total	<u>119,465</u>	<u>138,186</u>

### 5. Directors' remuneration

	2013 €'000	2012 €'000
Emoluments	<u>2,781</u>	<u>3,005</u>
The amounts in respect of the highest paid director are:		
Emoluments	<u>2,122</u>	<u>2,357</u>

# EDF Trading Limited

## Notes to the accounts

Year ended 31 December 2013

### 6. Interest receivable, interest payable and similar charges

	2013 €'000	2012 €'000
<i>Interest receivable</i>		
Interest charged to EDF group companies	2,563	5,699
Interest on deposits and short-term investments	1,637	1,815
Interest received on margin and collateral	8,328	3,384
Share of associates' financial income (note 11)	3,443	2,803
	<u>15,971</u>	<u>13,701</u>
<i>Interest payable</i>		
Interest charged by EDF group companies	32,634	30,835
Bank charges and other	2,662	2,450
Interest paid on margin and collateral	550	4,584
Interest on short-term loans from banks	1,891	5,700
Unwinding of discount effect on long-term contract valuations	-	10
Share of associates' interest payable (note 11)	14,689	3,064
	<u>52,426</u>	<u>46,643</u>

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 7. Taxation

	2013 €'000	2012 €'000
<b>Current tax</b>		
UK corporation tax on profits for the year	(76,059)	(98,380)
Foreign tax	(24,511)	(24,757)
	<u>(100,570)</u>	<u>(123,127)</u>
Adjustments in respect of prior years		
- UK corporation tax	(2,394)	86
- Foreign tax	6,644	(13,282)
	<u>(96,320)</u>	<u>(136,333)</u>
<b>Deferred tax (note 14)</b>		
Origination and reversal of timing differences	834	(6,102)
Adjustment in respect of prior years	1,127	9,799
Effect of increase / (decrease) in tax rate on asset	(2,304)	(1,167)
	<u>(343)</u>	<u>2,530</u>
<b>Group tax charge for the year</b>	<u>(96,663)</u>	<u>(133,803)</u>
<b>Share of joint ventures' tax</b>	<u>(249)</u>	<u>(152)</u>
<b>Share of associates' tax (note 11)</b>	<u>2,047</u>	<u>458</u>
<b>Total tax on profit on ordinary activities</b>	<u>(94,865)</u>	<u>(133,497)</u>

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 7. Taxation (continued)

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

	2013 €'000	2012 €'000
Profit on ordinary activities before tax	346,152	442,902
Less: share of associates' loss / (profit) before tax	44,628	6,864
Less: share of joint ventures' profit before tax	(1,326)	(576)
Group profit on ordinary activities before tax	<u>389,454</u>	<u>449,190</u>
Tax on group profit on ordinary activities at standard UK corporation tax rate of 23.25% (2012: 24.5%)	(90,548)	(110,051)
Effects of:		
Adjustment to tax charge in respect of prior periods	4,253	(13,196)
Expenses not deductible for tax purposes	(1,850)	(1,078)
Income from associates taxed in group	(1,514)	-
Higher tax rates on overseas earnings	(7,773)	(4,461)
Timing differences	1,112	6,102
Losses not recognised	-	(1,027)
Impairment of goodwill	-	(12,622)
<b>Total current tax charge for the year</b>	<u>(96,320)</u>	<u>(136,333)</u>

The tax charge in future periods may be affected by future tax rate changes which have been enacted or substantially enacted.

Finance Act 2012 enacted a reduction in the UK Corporation tax rate to 23% with effect from April 2013. This reduction impacted the current year tax charge in 2013.

The Finance Act 2013 also enacted an additional reduction of 2% in the UK Corporation tax rate to 21% with effect from April 2014, and a further 1% reduction to 20% with effect from April 2015. This further reduction in the tax rate has impacted the Company's deferred tax balance at 31 December 2013 and will impact the current tax charge in 2014 and 2015.

### 8. Dividend

The Company paid a dividend of €235,000,000 during 2013 (2012: €275,000,000). A dividend of €251,294,000 was declared by the directors on XX March 2014.

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 9. Intangible fixed assets

Group	Terminal operating rights €'000	Positive goodwill €'000	Total €'000
<b>Cost</b>			
At 1 January 2013	39,756	4,324	44,080
Disposals	-	(4,324)	(4,324)
	<hr/>	<hr/>	<hr/>
At 31 December 2013	39,756	-	39,756
	<hr/>	<hr/>	<hr/>
<b>Accumulated Amortisation</b>			
At 1 January 2013	(11,097)	(4,324)	(15,421)
Charge for the year (note 3)	(1,986)	-	(1,986)
Disposals	-	4,324	4,324
	<hr/>	<hr/>	<hr/>
At 31 December 2013	(13,083)	-	(13,083)
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2013	26,673	-	26,673
	<hr/>	<hr/>	<hr/>
At 31 December 2012	28,659	-	28,659
	<hr/>	<hr/>	<hr/>

The Company did not hold intangible assets at 31 December 2013 (2012: €nil).

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 10. Tangible fixed assets

Group:	Assets under construction €'000	Computer and communication equipment €'000	Furniture and fittings €'000	Land and buildings €'000	Leasehold improvements €'000	Plant and machinery €'000	Mining resources €'000	Vessels €'000	Total €'000
<b>Cost</b>									
At 1 January 2013	1,923	32,716	5,126	49,940	11,603	135,011	91,516	36,456	364,291
Additions	3,594	1,179	199	157	-	813	-	-	5,942
Reallocations	(3,200)	(135)	(264)	2,646	(349)	(375)	1,677	-	-
Disposals	-	(736)	(272)	(534)	-	(3,720)	-	-	(5,262)
Exchange adjustment	-	36	259	(934)	-	(6,398)	(5,728)	(1,575)	(14,340)
At 31 December 2013	2,317	33,060	5,048	51,275	11,254	125,331	87,465	34,881	350,631
<b>Accumulated depreciation</b>									
At 1 January 2013	-	(24,969)	(5,040)	(10,666)	(10,536)	(22,982)	(409)	(21,895)	(96,497)
Charge for the year (note 3)	-	(2,753)	(52)	(1,519)	(299)	(5,923)	(1,046)	(578)	(12,170)
Reallocations	-	30	-	(20)	-	(10)	-	-	-
Impairment (note 3)	-	-	-	-	-	-	(1,696)	6,098	4,402
Disposals	-	715	272	312	-	3,629	-	-	4,928
Exchange adjustment	-	26	20	133	190	811	116	747	2,043
At 31 December 2013	-	(26,951)	(4,800)	(11,760)	(10,645)	(24,475)	(3,035)	(15,628)	(92,294)
<b>Net book value</b>									
At 31 December 2013	2,317	6,109	248	39,515	609	100,856	84,430	19,253	253,337
At 31 December 2012	1,923	7,747	86	39,274	1,067	112,029	91,107	14,561	267,794

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

Included in additions for assets under construction are terminal buildings and equipment of €1,717,461 and cavern upgrades of €1,876,497. Also included in additions is capitalised decommissioning provision of €218,000.

Leased land included in land and buildings are leased on long leasehold arrangements.

In 2012, due to a reduction in forward freight prices, the Group impaired its 50% interest in the Cape Amanda bulk Capesize vessel by €3,669,421. This followed a previous impairment of €14,944,576 in 2011. The impairment was calculated based on the Group's best estimate of the vessel's net realisable value. In 2013, an increase in the recoverable amount has led to the reversal of €6,098,000 of the impairment previously recognised.

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 10. Tangible fixed assets (continued)

<b>Company:</b>	<b>Computer and communication equipment €'000</b>	<b>Furniture and fittings €'000</b>	<b>Leasehold improvements €'000</b>	<b>Total €'000</b>
<b>Cost</b>				
At 1 January 2013	30,873	4,351	11,065	46,289
Additions	1,073	11	-	1,084
Disposals	(594)	-	-	(594)
At 31 December 2013	31,352	4,362	11,065	46,779
<b>Accumulated depreciation</b>				
At 1 January 2013	(23,441)	(4,328)	(10,538)	(38,307)
Charge for the year	(2,562)	(16)	(264)	(2,842)
Disposals	594	-	-	594
At 31 December 2013	(25,409)	(4,344)	(10,802)	(40,555)
<b>Net book value</b>				
At 31 December 2013	5,943	18	263	6,224
At 31 December 2012	7,432	23	527	7,982

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

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 11. Investments

	<b>Group 2013 €'000</b>	<b>Company 2013 €'000</b>	<b>Group 2012 €'000</b>	<b>Company 2012 €'000</b>
Associates	559,806	748,540	621,688	739,997
Subsidiary undertakings	-	261,717	-	258,608
Joint ventures	936	1	(37)	1
	<u>560,742</u>	<u>1,010,258</u>	<u>621,651</u>	<u>998,606</u>

#### Associate undertakings:

	<b>Group 2013 €'000</b>	<b>Company 2013 €'000</b>	<b>Group 2012 €'000</b>	<b>Company 2012 €'000</b>
<b>Share of net assets / cost</b>				
At 1 January	621,688	739,997	29,975	-
Additions	-	-	611,000	789,645
Disposals	-	-	(26,915)	-
Share of retained (loss) / profit for the year	(42,576)		(6,406)	-
Share of movements in other reserves for the year (notes 20)	45,222		7,701	-
Share of minority interest (note 21)	(171)		(10)	-
Impairment	-	-	-	(49,648)
Capital contribution (note 18)	8,543	8,543	-	-
Exchange adjustments	(63,773)		6,343	-
Dividends received	(9,127)	-	-	-
At 31 December	<u>559,806</u>	<u>748,540</u>	<u>621,688</u>	<u>739,997</u>



# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 11. Investments (continued)

#### Subsidiary undertakings:

	Company 2013 €'000	Company 2012 €'000
<b>Cost</b>		
At 1 January	258,608	423,524
Additions	3,109	9,921
Disposals	-	(174,837)
At 31 December	<u>261,717</u>	<u>258,608</u>

#### Joint ventures:

	Group 2013 €'000	Company 2013 €'000	Group 2012 €'000	Company 2012 €'000
<b>Share of net assets / cost</b>				
At 1 January	(37)	1	(473)	1
Share of retained profit for the year	1,077	-	421	-
Exchange adjustments	(104)	-	15	-
At 31 December	<u>936</u>	<u>1</u>	<u>(37)</u>	<u>1</u>

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 11. Investments (continued)

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

	Country of incorporation	Principal activity	Holding	%
<i>Subsidiary undertakings:</i>				
Amstuw B.V.	Netherlands	Coal terminals	Ordinary shares	100
Cardinal Shipping Limited	United Kingdom	Vessel ownership	Ordinary shares	100
EDF Trading (Switzerland) AG	Switzerland	Power trading	Ordinary shares	100
EDF Trading Australia Pty Limited	Australia	Participant in coal mining project	Ordinary shares	100
EDF Trading Bioenergy Limited	United Kingdom	Not trading	Ordinary shares	100
EDF Trading Electricidad y Gas, S.L.	Spain	Not trading	Ordinary shares	100
EDF Trading Gas Storage Limited	United Kingdom	Natural gas storage	Ordinary shares	100
EDF Trading Markets Limited	United Kingdom	Arranger on behalf of the Company	Ordinary shares	100
EDF Trading Singapore Pte. Limited	Singapore	Coal marketing	Ordinary shares	100
EDF Trading Japan KK	Japan	Not trading	Ordinary shares	100
EDF Trading Polska Sp. Z o.o.	Poland	Coal trading	Ordinary shares	100
Holzkontor und Pelletierwerk Schwedt GmbH	Germany	Pellet production	Ordinary shares	100
<i>Associates:</i>				
ENAG Energiefinanzierungs A.G.	Switzerland	Power trading	Ordinary shares	16
EDF Inc.	United States of America	Holding company	Ordinary shares	17.5

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 11. Investments (continued)

	Country of incorporation	Principal activity	Holding	%
<i>Joint ventures and joint arrangements that are not entities (JANE):</i>				
Westminster Shipping Limited	United Kingdom	Vessel ownership	Ordinary shares	50

The Group incorporates the following branches in group reporting:

	Country of incorporation	Principal activity	Holding	%
<i>Branches:</i>				
EDF Trading Markets Limited (Paris branch)	France	Arranger on behalf of the Company	n/a	n/a
EDF Trading Limited (Czech branch)	Czech Republic	Not trading	n/a	n/a
EDF Trading Singapore Pte. Limited (Beijing branch)	People's Republic of China	Marketing and origination	n/a	n/a
EDF Trading Limited (New Zealand Branch)	New Zealand	Not trading	n/a	n/a
EDF Trading Limited (Slovak Branch)	Slovakia	Not trading	n/a	n/a
EDF Trading Limited (Romanian Branch)	Romania	Not trading	n/a	n/a

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 12. Stocks

	<b>Group 2013 €'000</b>	<b>Company 2013 €'000</b>	<b>Group 2012 €'000</b>	<b>Company 2012 €'000</b>
Coal trading stock	290,396	290,396	389,800	390,630
Emissions trading allowances	48,476	48,476	24,270	24,236
Gas	95,413	95,413	125,994	125,994
Other stock	13,847	11,362	9,810	6,984
Olive pulp and wood pellets	4,514	3,309	10,183	7,708
	<u>452,646</u>	<u>448,956</u>	<u>560,057</u>	<u>555,552</u>

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

Stock represents commodities held for trading purposes and is held at fair value. This varies from SSAP9 which requires stock to be held at the lower of cost and net realisable value. The cost of stocks held is estimated at €515,766,000 (2012: €592,049,000) for the Group and €512,076,000 (2012: €577,946,000) for the Company.

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 13. Debtors

Amounts falling due within one year:

	<b>Group 2013 €'000</b>	<b>Company 2013 €'000</b>	<b>Group 2012 €'000</b>	<b>Company 2012 €'000</b>
Derivatives (note 18)	4,067,934	4,053,962	5,001,677	4,968,822
Third party trade debtors	2,419,202	2,287,183	1,869,851	1,858,743
Amounts receivable from EDF group companies	2,408,075	2,406,610	2,594,895	2,511,789
Amounts receivable from EDF cash pool	743,387	743,387	411,384	411,384
Amounts receivable from Group companies	-	29,699	-	311,985
Prepayments	19,226	17,601	61,542	59,537
Other debtors	543,430	455,834	477,524	399,877
	<u>10,201,254</u>	<u>9,994,276</u>	<u>10,416,873</u>	<u>10,522,137</u>

Amounts falling due after more than one year:

	<b>Group 2013 €'000</b>	<b>Company 2013 €'000</b>	<b>Group 2012 €'000</b>	<b>Company 2012 €'000</b>
Amounts receivable from EDF group companies	41,384	41,384	48,028	48,028
Amounts receivable from Group companies	-	55,562	-	89,866
Deferred tax (note 14)	10,218	5,345	26,291	9,625
Prepayments	37,645	27,660	38,580	27,530
	<u>89,247</u>	<u>129,951</u>	<u>112,899</u>	<u>175,049</u>

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

### 14. Deferred tax

	<b>Group 2013 €'000</b>	<b>Company 2013 €'000</b>	<b>Group 2012 €'000</b>	<b>Company 2012 €'000</b>
Accelerated capital allowances	(11,413)	2,146	(13,507)	2,536
Timing differences on accruals	16,709	16,038	17,078	16,161
Timing differences on income recognition	1,420	-	(234)	-
Tax losses available	11,338	-	17,001	-
Other timing differences	(12,639)	(12,839)	(9,168)	(9,072)
	<u>5,415</u>	<u>5,345</u>	<u>11,170</u>	<u>9,625</u>

# EDF Trading Limited

## Notes to the accounts

Year ended 31 December 2013

### Deferred tax (continued)

	Group 2013 €'000	Company 2013 €'000	Group 2012 €'000	Company 2012 €'000
<i>Movement in deferred tax</i>				
At 1 January	11,170	9,625	100,320	26,623
Credited / (charged) to profit and loss account (note 7)	(343)	(3,867)	3,697	(16,353)
(Charged) / credited to statement of total recognised gains and losses (note 20)	(3,614)	(413)	(14,851)	744
Deduct share of associates movement in reserves	1,125			
Disposal of subsidiary	-		(76,179)	-
Transfer from current tax	(2,808)	-	(1,167)	(1,389)
Exchange adjustment	(115)	-	(650)	-
At 31 December	<u>5,415</u>	<u>5,345</u>	<u>11,170</u>	<u>9,625</u>
Deferred tax balance comprises of:				
Deferred tax asset (note 13)	10,218	5,345	26,291	9,625
Deferred tax liability (note 17)	(4,803)	-	(15,121)	-
	<u>5,415</u>	<u>5,345</u>	<u>11,170</u>	<u>9,625</u>

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

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 15. Creditors: amounts falling due within one year

	Group 2013 €'000	Company 2013 €'000	Group 2012 €'000	Company 2012 €'000
<i>Loans</i>				
Loans from EDF	1,787	1,787	476,326	476,326
<i>Other creditors</i>				
Derivatives (note 18)	3,297,977	3,316,265	3,847,583	3,826,696
Third party trade creditors	3,047,371	2,834,595	2,535,706	2,482,709
Amount owed to EDF group companies	1,160,346	1,160,107	1,574,876	1,519,904
Amount owed to Group companies	-	40,818	-	303,284
Accruals and other creditors	262,819	245,443	365,618	346,978
Corporation tax	29,473	17,851	47,055	43,043
	<u>7,797,986</u>	<u>7,615,079</u>	<u>8,370,838</u>	<u>8,522,614</u>
Creditors falling due within one year	<u>7,799,773</u>	<u>7,616,866</u>	<u>8,847,164</u>	<u>8,998,940</u>

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 16. Creditors: amounts falling due after more than one year

	Group 2013 €'000	Company 2013 €'000	Group 2012 €'000	Company 2012 €'000
<i>Loans</i>				
Loan from EDF	<u>1,433,635</u>	<u>1,433,635</u>	<u>450,000</u>	<u>450,000</u>
<i>Other creditors</i>				
Deferred income	949	-	1,394	-
Advances received	22,255	22,255	23,966	23,966
Long term loans	<u>-</u>	<u>-</u>	<u>308</u>	<u>-</u>
	<u>23,204</u>	<u>22,255</u>	<u>25,668</u>	<u>23,966</u>
Creditors falling due after more than one year	<u>1,456,839</u>	<u>1,455,890</u>	<u>475,668</u>	<u>473,966</u>

Loans from EDF include Euro bond issues and interest bearing loans, fully subscribed by EDF, bearing interest at rates between 1.77341% and 3.7492%. These have maturity dates between June 2018 and June 2020.



# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 17. Provisions for liabilities

	<b>Group 2013 €'000</b>	<b>Company 2013 €'000</b>	<b>Group 2012 €'000</b>	<b>Company 2012 €'000</b>
Deferred taxation (note 14)	4,803	-	15,121	-
Provision for decommissioning	5,836	-	5,622	-
Provision for onerous contract	47,755	47,754	92,326	92,326
Other provisions	424	-	376	-
	<u>58,818</u>	<u>47,754</u>	<u>113,445</u>	<u>92,326</u>

	<b>Decommissioning €'000</b>	<b>Onerous contracts €'000</b>	<b>Other €'000</b>	<b>Total €'000</b>
<b>Group:</b>				
At 1 January 2013	5,622	92,326	376	98,324
Charged to profit and loss account	-	-	69	69
Capitalised to tangible assets (note 10)	218	-	-	218
Released unused	-	-	(21)	(21)
Adjustment arising from discounting	74	-	-	74
Movement in provision for onerous time charter contracts	-	(44,571)	-	(44,571)
Exchange adjustment	(78)	-	-	(78)
At 31 December 2013	<u>5,836</u>	<u>47,755</u>	<u>424</u>	<u>54,015</u>

	<b>Onerous contract €'000</b>	<b>Total €'000</b>
<b>Company:</b>		
At 1 January 2013	92,326	92,326
Movement in provision for onerous time charter contracts	(44,572)	(44,572)
At 31 December 2013	<u>47,754</u>	<u>47,754</u>

Movements in deferred tax liabilities are not included in the above tables.

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 17. Provisions for liabilities (continued)

#### Decommissioning

A provision is recognised for the expected dismantling of equipment and rectification of land used for gas storage, coal mining and coal storage. The provision assumes that most of these costs will be incurred in approximately 33 years for gas storage, 34 years for coal mining and 14 years for coal storage.

#### Onerous contracts

Provisions are recognised to the extent that the Company is exposed to ongoing costs associated with the assignment of the lease on its former office, and 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.

#### Other

Other provisions represent statutory payments to Dutch employees on retirement.

### 18. Derivative financial instruments

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

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

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

	<b>Group 2013 €'000</b>	<b>Company 2013 €'000</b>	<b>Group 2012 €'000</b>	<b>Company 2012 €'000</b>
<b>Debtors</b>				
Energy commodity contracts	3,931,714	3,919,572	4,811,349	4,779,214
Forward foreign exchange contracts	79,783	77,953	143,171	142,451
Interest rate swaps	56,437	56,437	47,157	47,157
	<u>4,067,934</u>	<u>4,053,962</u>	<u>5,001,677</u>	<u>4,968,822</u>

Included in forward foreign exchange contracts are derivatives that are designated as hedging instruments. The fair value of hedging instruments included in debtors is €62,416,000 (2012: €33,825,000).

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### Derivative financial instruments (continued)

	Group 2013 €'000	Company 2013 €'000	Group 2012 €'000	Company 2012 €'000
<b>Creditors</b>				
Energy commodity contracts	3,165,554	3,184,489	3,601,946	3,584,639
Forward foreign exchange contracts	26,789	26,142	126,911	123,331
Interest rate swaps	97,091	97,091	118,726	118,726
Credit derivatives (note 11)	8,543	8,543	-	-
	<u>3,297,977</u>	<u>3,316,265</u>	<u>3,847,583</u>	<u>3,826,696</u>
Net open positions	<u>769,957</u>	<u>737,697</u>	<u>1,154,094</u>	<u>1,142,126</u>

### Realisation profile of derivative financial instruments:

	Group 2013 €'000	Company 2013 €'000	Group 2012 €'000	Company 2012 €'000
Within 12 months	268,680	397,785	564,449	617,000
Beyond 12 months	501,277	339,912	589,645	525,126
	<u>769,957</u>	<u>737,697</u>	<u>1,154,094</u>	<u>1,142,126</u>

Included in forward foreign exchange contracts and energy commodity contracts are derivatives that are designated as hedging instruments. The fair value of hedging instruments included in creditors is €7,600,000 (2012: €22,557,000).

Movement of €378,213,000 (2012: (€157,367,000)) in unrealised profits / (losses) has been recognised in the consolidated profit and loss account for the year.

Credit derivatives include Parent Company Guarantees ("PCGs") issued by EDF Trading Limited to trading counterparts of EDF Trading North America LLC, an 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 FRS 26, therefore the PCGs are accounted for as a credit derivative.

Credit derivatives are measured at fair value through profit and loss. The initial fair value of the PCGs provided is capitalised as a capital contribution against EDFT's investment in EDFT North America LLC's parent, EDF Inc.. In EDF Trading North America LLC's accounts the underlying trades that are supported by these PCGs are marked to market derivatives.

At EDF Trading Limited statutory account level, the fair value of PCGs is calculated by applying the credit spread between EDF Trading Limited and EDF Trading North America LLC (1.86%) to the lower of the fair value of the underlying trading positions guaranteed and the notional value of the PCG ('the capped liability'). As at 31 December 2013 the capped liability was \$631million (€459million), resulting in the recognition of a credit derivative on the balance sheet of €8.5 million.

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 19. Called up share capital

	2013 €'000	2012 €'000
Authorised, called up, allotted and fully paid 81,000,000 ordinary shares of €1 each	81,000	81,000

### 20. Reconciliation of shareholder's funds and movement on reserves

	Share capital 2013 €'000	Capital redemption reserve 2013 €'000	Group reconstruction reserve 2013 €'000	Other reserves 2013 €'000	Profit and loss account 2013 €'000	Total shareholder's funds 2013 €'000	Total shareholder's funds 2012 €'000
<b>Group</b>							
At 1 January	81,000	9,138	298,250	47,801	2,227,162	2,663,351	2,240,803
<i>Cash flow hedge:</i>							
Fair value losses in year	-	-	-	4,719	-	4,719	(2,921)
Tax on fair value (gains)/losses in year (note 14)	-	-	-	(1,504)	-	(1,504)	744
Dividends paid	-	-	-	-	(235,000)	(235,000)	(275,000)
<i>Group reconstruction reserve:</i>							
Disposal of subsidiary	-	-	-	-	-	-	349,767
<i>Foreign exchange adjustments:</i>							
Exchange differences	-	-	-	(79,497)	-	(79,497)	17,435
Transfer to income on disposal of subsidiary	-	-	-	-	-	-	(36,607)
<i>Net investment hedges:</i>							
Fair value gains in year	-	-	-	22,232	-	22,232	32,367
Transfer to income on disposal of subsidiary	-	-	-	-	-	-	31,836
Tax on fair value (gains) / losses in year (note 14)	-	-	-	(2,110)	-	(2,110)	(15,595)
Share of Associates' other reserves (note 11)	-	-	-	45,222	-	45,222	7,701
Profit for the year	-	-	-	-	251,294	251,294	312,821
<b>At 31 December</b>	<b>81,000</b>	<b>9,138</b>	<b>298,250</b>	<b>36,863</b>	<b>2,243,456</b>	<b>2,668,707</b>	<b>2,663,351</b>

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### Reconciliation of shareholder's funds and movement on reserves (continued)

	Share capital 2013 €'000	Capital redemption 2013 €'000	Group reconstruction reserve 2013 €'000	Other reserves 2013 €'000	Profit and loss account 2013 €'000	Total shareholder's funds 2013 €'000	Total shareholder's funds 2012 €'000
<b>Company</b>							
At 1 January	81,000	9,138	565,160	(1,764)	2,042,484	2,696,018	2,101,523
<i>Cash flow hedge:</i>							
Fair value gains/( losses) in year	-	-	-	1,991	-	1,991	(2,921)
Tax on fair value losses in year (note 14)	-	-	-	(413)	-	(413)	744
Dividends paid	-	-	-	-	(235,000)	(235,000)	(275,000)
Disposal of subsidiary	-	-	-	-	-	-	614,808
Foreign exchange adjustment	-	-	-	474	-	474	84
Profit for the year	-	-	-	-	308,732	308,732	256,780
At 31 December	<u>81,000</u>	<u>9,138</u>	<u>565,160</u>	<u>288</u>	<u>2,116,216</u>	<u>2,771,802</u>	<u>2,696,018</u>

### 21. Minority interest

	Total €'000
At 1 January 2013	(3,411)
Disposal of subsidiary undertaking	3,401
Associates' share of profits on ordinary activities after taxation	(7)
Acquisition made by associate undertaking	(154)
At 31 December 2013	<u>(171)</u>

### 22. Pension commitments

The Group makes payments to a defined contribution group personal pension scheme for its employees. Contributions are made based on a percentage of the employees' salary. The unpaid contributions outstanding at the year end, included in accruals and other creditors (note 15), are €261,000 (2012: €56,000).

# EDF Trading Limited

## Notes to the accounts Year ended 31 December 2013

### 23. Commitments and contingencies

The Group's commitments are as follows:

	Group 2013 €'000	Company 2013 €'000	Group 2012 €'000	Restated Company 2012 €'000
<b>Capital expenditure commitments</b> (contracted for but not provided for)	2,123	-	7,881	-
<b>Lease commitments</b>				
Annual amounts for operating leases using year end exchange rates:				
- expiry date within one year	1,760	800	9,164	8,980
- expiry date between one and five years	3,576	3,420	20,102	19,034
- expiry date after five years	758	758	7,988	7,988
Annual amounts for leases of land and buildings using year end exchange rates:				
- expiry date within one year	866	-	323	22
- expiry date between one and five years	1,408	-	2,789	-
- expiry date after five years	7,607	4,041	5,227	4,146
	15,975	9,019	45,593	40,170

The Company commitments for leases of land and buildings are restated for 2012.

#### Bank guarantees and letters of credit

The Company and Group have given bank guarantees and letters of credit to various counterparties in relation to energy trading and transportation activities. No material losses are likely to arise from such commitments. The value of these commitments for the Company and the Group at the year end is €878,000,000 (2012: €602,172,696).

### 24. Related party transactions

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

### 25. Ultimate parent company

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

### 26. Events after the balance sheet date

Other than the sale of EDFT Gas Storage Limited to another EDF Group company on 2<sup>nd</sup> April 2014 for the net asset value of £28,535,529 and dividends declared there have been no significant events since the balance sheet date that require disclosure.