Company Registration No. 3750288

# EDF Trading Limited

## Annual Report and Financial Statements

## 31 December 2014

# EDF Trading Limited

## Annual report and financial statements

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# EDF Trading Limited

## Annual report and financial statements

## Officers and professional advisers

**Directors**

Antoine Cahuzac (appointed 18/7/14)
Béatrice Bigois (resigned 15/9/14)
Bénédicte Gendry (resigned 18/7/14)
Marianne Laigneau
Sabine Le Gac (appointed 18/7/14)
Bruno Lescoeur
Thomas Piquemal
John Rittenhouse
Simone Rossi (appointed 15/9/14)
Gérard Roth (resigned 01/01/15)
Eric Thomas (resigned 25/4/14)
Philippe Torrion
Magali Viandier
Steven Wolfram (appointed 18/7/14)

**Secretary**
R W Quick

**Registered Office**

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

**Auditor**

Deloitte LLP
Chartered Accountants and statutory auditor
London, United Kingdom

# EDF Trading Limited

## Strategic report

The Group's activities consist of trading energy products (power, gas, coal, freight, LNG 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 | 2014 | 2013 |
|---|---|---|---|
| Power | TWh | 2,294 | 2,207 |
| Gas | Billion therms | 96 | 81 |
| Coal | Million tonnes | 619 | 629 |
| Freight | Million tonnes | 351 | 322 |
| $CO_2$ | Million tonnes | 408 | 459 |
| LNG | Million therms | 1,972 | - |

During 2014 the Group has continued to develop its asset backed trading business strategy in all its trading regions. In particular, EDFT has protected the intrinsic value and enhanced the extrinsic value of EDF Group's various 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 both in Europe and in the US under a very tight risk control framework.

Energy commodity markets generally have reflected the global economic situation leading to depressed market conditions in Europe on the back of reduced energy demand, bearish commodity price fundementals and geo-political uncertainties (Ukraine and Middle-East in particular). However, in addition to this broader influence, power and gas markets have reflected exceptional local weather conditions in particular in the US as a result of a polar Vortex in early 2014 which has led to strong seasonal performance. 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 2014 EDFT generated €572,712,000 net trading margin (2013: €567,873,000). The share of EDF Inc's operating profit contributed to a Group operating profit of €428,159 (2013: €382,607). EDFT continues to maintain an effective system of internal controls, for details, please refer to the Risk Management section of the Directors' Report.

The directors anticipate continued development of trading activity across both mature and evolving energy markets alongside the development of new products such as LNG and LPG trading.

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

R W Quick
Secretary

5th May 2015
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 2014.

**Results and dividends**

EDF Trading Limited ("the Company" or "EDFT") and its direct and indirect wholly-owned subsidiaries, joint ventures and associates (see note 12) (together the "Group") recognised profit after tax for the year of €309,017,000 (2013: €251,294,000). The accounts for the year ended 31 December 2014 are set out on pages 14 to 46. A dividend of €251,294,000 was declared and paid during 2014 (2013: €235,000,000). A dividend of €309,017,000 was declared by the directors on 5th May 2015.

**Robust global framework**

EDF 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. Similarly, the global control framework itself is regularly assessed and revised when necessary to reflect changes affecting the markets in which we operate.

In Europe, 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). During 2014 we also applied additional controls relating to the political unrest in Eastern Europe and subsequent US and EU sanctions especially around our Know Your Customers (KYC) and counterparty risk evaluation procedures. 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.

The North American market is more fragmented than Europe and the wholesale energy environment varies between states and regions. However, the EDFT approach is to apply the same rigorous discipline wherever we operate and we continue to strengthen our North American control platform in line with CFTC guidelines and Dodd Frank specific requirements. Our efforts have focused on enhancing and automating our trade tagging processes and increasing our control on Gross Notional Value (GNV) enhancing activities.

**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.

# EDF Trading Limited

## Directors' report (continued)

**Risk management (continued)**

*Credit Committee:*

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

**Risk management organisation**

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

***Market risks***

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

*Value-at-Risk (VaR)*

The Group uses daily VaR measures as the primary mechanism for market risk control. The daily VaR measure is the potential profit or loss that might arise if current positions were unchanged over one business day at a 95% confidence level. 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 2014, the VaR limit for the Group trading books (excluding Chubu and EDF Paliwa businesses) was €27,600,000 (2013: €26,400,000). The average VaR utilisation during 2014 was €6,348,000 (2013: €5,687,957). 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.

**Risk management (continued)**

***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 counterpart 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.

This approach allows to agree maximum limits per counterparts 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. 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.

***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.

We continuously 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. In 2014 we complemented our Top-Down approach to risk mapping with a more 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 Officers and Chief Financial Officer on a regular basis.

**Risk management (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 UK 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. 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 management (continued)***

At the end of 2014, total capital at risk* was €1,428,000,000 (2013: €1,160,000,000) or 52.8% of total Group shareholder's funds (2013: 43.5%).

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 and risk capital necessary to produce trading margin. While the range of ROCE varies significantly desk by desk, EDFT's overall ROCE stands at 13% for 2014 compared to a WACC of 6.3% 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 2014, the Group had total available liquidity of €2,370,844,000 (2013: €4,110,000,000). EDFT also have a €60,000,000 uncommitted overdraft facility provided by EDF. The significant change in available liquidity year on year reflect a tighter interest expense management by the company and a willingness to optimise the equilibrium between liquidity risk management and global capital employed.

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).

# EDF Trading Limited

# Directors' report (continued)

**Risk management (continued)**

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.

***Transaction integrity***

In Europe, North America and Asia, transactions are executed under standard industry agreements that aim to provide cross-commodity netting, material adverse change and default provisions. We also execute margining agreements and obtain collateral where appropriate.

To provide an additional safeguard, the EDFT legal team is involved in every significant transaction. The team contributes advice and guidance to senior management on all business issues and ensures we act in a manner commensurate with legal and regulatory requirements.

During 2014, reflecting the sanctions imposed following political unrest in Eastern Europe, we enhanced our due diligence checks on new counterparties.

***Control and compliance***

To facilitate the continued effectiveness of our control systems, we have established a combined Internal Control and Compliance function responsible for identifying, assessing, reporting and mitigating compliance risks across EDFT's global business.

The team supports our business through the continuous development of our worldwide control and compliance frameworks. These include compliance related policies, compliance monitoring and training programmes. It ensures the robustness of our operational risk management controls and processes, the integrity of our financial reporting, the prevention of fraud and our compliance with applicable laws and regulations.

In Europe in 2014 we went live with new systems for reporting derivative transactions under the new EMIR regulations. We are also preparing new systems for the reporting of physical power and gas transactions within the new REMIT regulations, which are expected to go live in mid-2015.

***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 2014 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 North American, European and Asian businesses, and built a new trade entry system with specific enhancements for our environmental products and coal desks.

**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 for the Group's subsidiaries and investments

# 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

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

5th May 2015
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 2014 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 27. 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 2014 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 Pate

David Paterson (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

5th May 2015

# EDF Trading Limited

## Group profit and loss account
## Year ended 31 December 2014

| | Notes | 2014 €'000 | 2013 €'000 |
|---|---|---|---|
| **Net trading income** | 2 | 572,712 | 567,873 |
| Administrative expenses | 3,4 | (166,806) | (170,813) |
| Other operating income | | 14,169 | 10,394 |
| Impairment (loss) / reversal | 6 | (2,914) | 7,035 |
| **Operating profit** | | | |
| Continuing operations | | 417,161 | 414,489 |
| **Group operating profit** | | 417,161 | 414,489 |
| Share of joint ventures' operating profit | | 1,069 | 1,495 |
| Share of associates' operating profit / (loss) | 12 | 9,929 | (33,377) |
| **Total operating profit: group and share of joint ventures and associates** | | 428,159 | 382,607 |
| Interest receivable | 7 | 34,212 | 15,971 |
| Interest payable and similar charges | 7 | (64,225) | (52,426) |
| **Profit on ordinary activities before taxation** | | 398,146 | 346,152 |
| Tax on profit on ordinary activities | 8 | (89,129) | (94,865) |
| **Profit on ordinary activities after taxation** | | 309,017 | 251,287 |
| Equity minority interests | 22 | - | 7 |
| **Profit for the financial year** | 21 | 309,017 | 251,294 |

A change of presentation has been introduced in 2014. See Note 2 for details.

# Group statement of total recognised gains and losses
# Year ended 31 December 2014

| | Notes | 2014 €'000 | 2013 €'000 |
|---|---|---|---|
| Profit/(loss) for the year | | | |
| - Group | | 312,069 | 292,793 |
| - Joint ventures | | 742 | 1,077 |
| - Associates | | (3,794) | (42,576) |
| | 21 | 309,017 | 251,294 |
| Movement in other reserves | | | |
| - Group | 21 | (11,407) | (52,546) |
| - Associates | 21 | (29,220) | 45,222 |
| Tax on items taken directly to equity | | | |
| - Group | 21 | 19,858 | (3,614) |
| **Total recognised gains and losses** | | 288,248 | 240,356 |

# Group and Parent Company balance sheets
# 31 December 2014

| | Notes | Group 2014 €'000 | Company 2014 €'000 | Group 2013 €'000 | Company 2013 €'000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Terminal operating rights | 10 | 23,892 | - | 26,673 | - |
| Intangible assets | | 23,892 | - | 26,673 | - |
| Tangible assets | 11 | 200,912 | 3,639 | 253,337 | 6,224 |
| Interest in associate undertakings | 12 | 575,985 | 748,540 | 559,806 | 748,540 |
| Investment in subsidiary undertakings | 12 | - | 250,332 | - | 261,717 |
| Interest in joint ventures | 12 | - | 1 | - | 1 |
| - share of gross assets | | 25,385 | - | 26,803 | - |
| - share of gross liabilities | | (23,733) | - | (25,867) | - |
| | | 802,441 | 1,002,512 | 840,752 | 1,016,482 |
| **Current assets** | | | | | |
| Stocks | 13 | 435,215 | 431,930 | 452,646 | 448,956 |
| Debtors | | | | | |
| - due within one year | 14 | 11,240,919 | 11,077,068 | 10,201,254 | 9,994,276 |
| - due after one year | 14 | 99,393 | 123,085 | 89,247 | 129,951 |
| Cash at bank and in hand | | 70,503 | 20,628 | 400,067 | 302,647 |
| | | 11,846,030 | 11,652,711 | 11,143,214 | 10,875,830 |
| **Total assets** | | 12,648,471 | 12,655,223 | 12,010,639 | 11,892,312 |
| **Current liabilities: amounts falling due within one year** | | | | | |
| Loans | 16 | (833) | (833) | (1,787) | (1,787) |
| Other creditors | 16 | (9,420,039) | (9,344,351) | (7,797,986) | (7,615,079) |
| **Current assets less current liabilities** | | 2,425,158 | 2,307,527 | 3,343,441 | 3,258,964 |
| **Total assets less current liabilities** | | 3,227,598 | 3,310,039 | 4,184,193 | 4,275,446 |
| **Non-current liabilities: amounts falling due after more than one year** | 17 | (476,578) | (483,097) | (1,456,839) | (1,455,890) |
| **Provisions for liabilities** | 18 | (45,360) | (42,227) | (58,818) | (47,754) |
| **Net assets** | | 2,705,661 | 2,784,715 | 2,668,536 | 2,771,802 |

# Group and Parent Company balance sheets 31 December 2014 (continued)

| | Notes | Group 2014 €'000 | Company 2014 €'000 | Group 2013 €'000 | Company 2013 €'000 |
|---|---|---|---|---|---|
| **Capital and reserves** | | | | | |
| Called up share capital | 20 | 81,000 | 81,000 | 81,000 | 81,000 |
| Capital redemption reserve | 21 | 9,138 | 9,138 | 9,138 | 9,138 |
| Group reconstruction reserve | 21 | 298,250 | 565,160 | 298,250 | 565,160 |
| Other reserves | 21 | 16,094 | 1,097 | 36,863 | 288 |
| Profit and loss account | 21 | 2,301,179 | 2,128,320 | 2,243,456 | 2,116,216 |
| **Total shareholder's funds** | | 2,705,661 | 2,784,715 | 2,668,707 | 2,771,802 |
| **Minority interests** | 22 | - | - | (171) | - |
| **Total capital employed** | | 2,705,661 | 2,784,715 | 2,668,536 | 2,771,802 |

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

The financial statements of EDF Trading Limited, registered company number 3750288, were approved by the Board of Directors and authorised for issue on 5th May 2015.

Signed on behalf of the Board of Directors

J Rittenhouse
Chief Executive

# Notes to the accounts
# Year ended 31 December 2014

## 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 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.

EDFT main Associates are: EDF Inc and ENAG Energiefinanzierungs A.G.

**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.

EDFT main Joint Venture is: Westminster Shipping Limited.

**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 €263,398,000 (2013: €308,732,000).

## 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 are not depreciated until they become operational.

**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:

| | |
|---|---|
| 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. 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 8 years from 2014, which is their estimated useful economic life following the disposal of the Westharbour terminal in 2014. 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 13 to the financial statements.

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

*Fair value hedge*

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

**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 exploration and 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 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.

# Notes to the accounts
# Year ended 31 December 2014

## 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. 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.

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.

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* Turnover is no longer reported as there is no direct link between turnover and the operational performance of the Group. 2013 comparatives have been restated on this basis with no impact on net profit or net assets.

## 3. Staff costs

The average monthly number of Group employees (including executive directors) was 647 (2013: 676). The number of employees at the end of December was 644 (2013: 666).

Their aggregate remuneration comprised:

| | 2014<br>€'000 | 2013<br>€'000 |
|---|---|---|
| Wages and salaries | 83,175 | 102,707 |
| Social security costs | 11,951 | 12,633 |
| Employer's contribution to Group personal pension scheme | 5,584 | 4,125 |
| Total | 100,710 | 119,465 |

## 4. Directors' remuneration

| | | |
|---|---|---|
| Emoluments | 2,308 | 2,781 |

The amounts in respect of the highest paid director are:

| | | |
|---|---|---|
| Emoluments | 2,308 | 2,122 |

# EDF Trading Limited

# Notes to the accounts
# Year ended 31 December 2014

## 5. Auditor's Remuneration:

| | | |
|---|---|---|
| Fees payable to the Company's auditor for the audit of parent company and consolidated financial statements* | 593 | 556 |
| Other services pursuant to legislation | 149 | 159 |
| The audit of company's subsidiaries pursuant to legislation | 182 | 160 |
| Fees payable to the Group's auditor and their associates for other services to the Group | 242 | 159 |
| | 1,166 | 1,034 |
| Other services relate to: | | |
| - Taxation | 242 | 159 |

* Included in share of associates' operating profit is €157,000 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.

## 6. Operating profit

Operating profit is stated after charging / (crediting):

| | 2014<br>€'000 | 2013<br>€'000 |
|---|---|---|
| Amortisation of terminal operating rights (note 10) | 2,781 | 1,986 |
| Depreciation of tangible fixed assets (note 11) | | |
| - owned | 17,655 | 12,170 |
| Losses / (Profits) on currency translations | 9,115 | (1,568) |
| Impairment / (Reversal) of vessel (note 11) | 368 | (6,098) |
| Impairment of tangible fixed assets (note 10) | 2,546 | 1,696 |
| (Reversal) / Write down of inventory | - | (2,633) |
| Total impairment loss / (reversal) | 2,914 | (7,035) |
| Operating lease rentals | | |
| - Land and buildings | 12,786 | 10,460 |
| - Plant and machinery | - | 3 |
| - Charter arrangements and other | 173,848 | 170,822 |
| Profit on disposal of tangible fixed assets | (4,557) | (269) |
| Loss on disposal of subsidiary (see note 12) | (87) | (861) |

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

| | 2014 €'000 | 2013 €'000 |
|---|---|---|
| *Interest receivable* | | |
| Interest charged to EDF group companies | 28,609 | 2,563 |
| Interest on deposits and short-term investments | 932 | 1,637 |
| Interest received on margin and collateral | 1,330 | 8,328 |
| Share of associates' financial income (note 12) | 3,341 | 3,443 |
| | 34,212 | 15,971 |
| *Interest payable* | | |
| Interest charged by EDF group companies | 45,059 | 32,634 |
| Bank charges and other | 3,886 | 2,662 |
| Interest paid on margin and collateral | 374 | 550 |
| Interest on short-term loans from banks | 89 | 1,891 |
| Share of associates' interest payable (note 12) | 14,817 | 14,689 |
| | 64,225 | 52,426 |

## 8. Taxation

| | 2014 €'000 | 2013 €'000 |
|---|---|---|
| **Current tax** | | |
| UK corporation tax on profits for the year | (69,147) | (76,059) |
| Foreign tax | (24,508) | (24,511) |
| | (93,655) | (100,570) |
| Adjustments in respect of prior years | | |
| - UK corporation tax | 1,010 | (2,394) |
| - Foreign tax | 271 | 6,644 |
| **Total current tax** | (92,374) | (96,320) |
| **Deferred tax (note 15)** | | |
| Origination and reversal of timing differences | (526) | 834 |
| Adjustment in respect of prior years | 6,191 | 1,127 |
| Effect of increase / (decrease) in tax rate on asset | 11 | (2,304) |
| **Total deferred tax** | 5,676 | (343) |
| **Group tax charge for the year** | (86,698) | (96,663) |
| **Share of joint ventures' tax** | (185) | (249) |
| **Share of associates' tax** | (2,246) | 2,047 |
| **Total tax on profit on ordinary activities** | (89,129) | (94,865) |

### 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:

| | 2014 €'000 | 2013 €'000 |
|---|---|---|
| Profit on ordinary activities before tax | 398,146 | 346,152 |
| Less: share of associates' loss / (profit) before tax | 1,548 | 44,628 |
| Less: share of joint ventures' profit before tax | (927) | (1,326) |
| Group profit on ordinary activities before tax | 398,767 | 389,454 |
| Tax on group profit on ordinary activities at standard UK corporation tax rate of 21.5% (2013: 23.25%) | (85,734) | (90,548) |
| Effects of: | | |
| Adjustment to tax charge in respect of prior periods | 1,281 | 4,253 |
| Expenses not deductible for tax purposes | (2,300) | (1,850) |
| Income from associates taxed in group | - | (1,514) |
| Higher tax rates on overseas earnings | (5,874) | (7,773) |
| Timing differences | 234 | 1,112 |
| Losses not recognised | 19 | - |
| **Total current tax charge for the year** | (92,374) | (96,320) |

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

Finance Act 2013 enacted a reduction in the UK Corporation tax rate to 21% with effect from April 2014. This reduction impacted the current year tax charge in 2014.

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

### 9. Dividend

The Company paid a dividend of €251,294,000 during 2014 (2013: €235,000,000). A dividend of €309,017,000 was declared by the directors on 5th May 2015.

# Notes to the accounts
# Year ended 31 December 2014

## 10. Intangible fixed assets

| Group | Terminal operating rights €'000 |
|---|---|
| **Cost** | |
| At 1 January 2014 | 39,756 |
| At 31 December 2014 | 39,756 |
| **Accumulated Amortisation** | |
| At 1 January 2014 | (13,083) |
| Charge for the year | (2,781) |
| At 31 December 2014 | (15,864) |
| **Net book value** | |
| At 31 December 2014 | 23,892 |
| At 31 December 2013 | 26,673 |

The Company did not hold intangible assets at 31 December 2014 (2013: €nil).

### 11. Tangible fixed assets

| Group: | Assets under construction €'000 | Computer and communication equipment €'000 | Furniture and fittings €'000 | Land and buildings €'000 | Leasehold improvements €'000 | Plant and machinery €'000 | Mining resources €'000 | Vessels €'000 | Total €'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| At 1 January 2014 | 2,317 | 33,060 | 5,048 | 51,275 | 11,254 | 125,331 | 87,465 | 34,881 | 350,631 |
| Additions | 3,208 | 1,389 | 273 | 122 | 27 | 588 | 30 | 413 | 6,050 |
| Reallocations | (1,110) | - | - | 518 | - | 592 | - | - | - |
| Disposals | (4,607) | (661) | (142) | (38,892) | - | (50,048) | - | - | (94,350) |
| Exchange adjustment | 2,012 | 88 | 8 | 2,614 | - | 9,328 | 12,017 | 4,745 | 30,812 |
| At 31 December 2014 | 1,820 | 33,876 | 5,187 | 15,637 | 11,281 | 85,791 | 99,512 | 40,039 | 293,143 |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 January 2014 | - | (26,951) | (4,800) | (11,760) | (10,645) | (24,475) | (3,035) | (15,628) | (97,294) |
| Charge for the year | - | (3,782) | (102) | (1,475) | (284) | (4,244) | (6,764) | (1,004) | (17,655) |
| Impairment | - | (1) | (132) | (857) | - | (1,556) | - | (368) | (2,914) |
| Disposals | - | 657 | 93 | 6,912 | - | 23,769 | - | - | 31,431 |
| Exchange adjustment | - | (57) | (19) | (532) | - | (1,804) | (1,084) | (2,303) | (5,799) |
| At 31 December 2013 | - | (30,134) | (4,960) | (7,712) | (10,929) | (8,310) | (10,883) | (19,303) | (92,231) |
| **Net book value** | | | | | | | | | |
| At 31 December 2014 | 1,820 | 3,742 | 227 | 7,925 | 352 | 77,481 | 88,629 | 20,736 | 200,912 |
| At 31 December 2013 | 2,317 | 6,109 | 248 | 39,515 | 609 | 100,856 | 84,430 | 19,253 | 253,337 |

Included in land and buildings disposals are gas caverns developed on leased land, disposed of during the year.

Included in additions for assets under contruction is terminal equipment of €2,488,630 and €719,157 of other assets relating to the gas caverns disposed of in 2014.

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

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

**Tangible fixed assets (continued)**

| Company: | Computer and communication equipment €'000 | Furniture and fittings €'000 | Leasehold improvements €'000 | Total €'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2014 | 31,352 | 4,362 | 11,065 | 46,779 |
| Additions | 1,348 | 20 | - | 1,368 |
| At 31 December 2014 | 32,700 | 4,382 | 11,065 | 48,147 |
| **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) |
| **Net book value** | | | | |
| At 31 December 2014 | 3,613 | 24 | 2 | 3,639 |
| At 31 December 2013 | 5,943 | 18 | 263 | 6,224 |

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

### 12. Investments

| | Group 2014 €'000 | Company 2014 €'000 | Group 2013 €'000 | Company 2013 €'000 |
|---|---|---|---|---|
| Associates | 575,985 | 748,540 | 559,806 | 748,540 |
| Subsidiary undertakings | - | 250,332 | - | 261,717 |
| Joint ventures | 1,652 | 1 | 936 | 1 |
| | 577,637 | 998,873 | 560,742 | 1,010,258 |

**Associate undertakings:**

| | Group 2014 €'000 | Company 2014 €'000 | Group 2013 €'000 | Company 2013 €'000 |
|---|---|---|---|---|
| **Share of net assets / cost** | | | | |
| At 1 January | 559,806 | 748,540 | 621,688 | 739,997 |
| Change in treatment (sse below) | (14,371) | - | - | - |
| Share of retained (loss) / profit for the year | (3,794) | - | (42,576) | - |
| Share of movements in other reserves for the year (notes 21) | (29,220) | | 45,222 | |
| Share of minority interest (note 22) | 171 | | (171) | |
| Capital contribution (note 19) | - | - | 8,543 | 8,543 |
| Exchange adjustments | 63,393 | | (63,773) | |
| Dividends received | - | - | (9,127) | - |
| At 31 December | 575,985 | 748,540 | 559,806 | 748,540 |

In 2014 the accounting treatment of Chubu Energy Trading Singapore Pte. Limited ("CETS") was reassessed. It was concluded that the correct treatment of the Group's interest in CETS is a profit share, rather than an associate, as the Group does not have significant influence over CETS. Accordingly an adjustment has been made to record the Group's interest in CETS on a proportional consolidation basis, with no overall impact on net profit or net assets. No restatement of the prior year comparatives has been made as the impact was not material.

**Investments (continued)**

**Subsidiary undertakings:**

| | Company 2014 €'000 | Company 2013 €'000 |
|---|---|---|
| **Cost** | | |
| At 1 January | 261,717 | 258,608 |
| Additions | 3,344 | 3,109 |
| Disposals | (8,409) | - |
| At 31 December | 256,652 | 261,717 |
| **Provision for impairment** | | |
| At 1 January | | |
| Written off (see below) | (6,320) | - |
| At 31 December | (6,320) | - |
| **Net book value** | 250,332 | 261,717 |

**Joint ventures:**

| | Group 2014 €'000 | Company 2014 €'000 | Group 2013 €'000 | Company 2013 €'000 |
|---|---|---|---|---|
| **Share of net assets / cost** | | | | |
| At 1 January | 936 | 1 | (37) | 1 |
| Share of retained profit for the year | 742 | - | 1,077 | - |
| Exchange adjustments | (26) | - | (104) | - |
| At 31 December | 1,652 | 1 | 936 | 1 |

In 2014 the Company's investment in EDF Trading Bioenergy Limited was written down to nil. This is based on the Company's best estimate of the investment's net realisable value.

**Investments (continued)**

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

| | Country of incorporation | Principal activity | Holding | % |
|---|---|---|---|---|
| *Subsidiary undertakings:* | | | | |
| 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 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 |

EDF Trading Gas Storage Limited was disposed in 2014.

| | | | | |
|---|---|---|---|---|
| *Associates:* | | | | |
| ENAG Energiefinanzierungs A.G. | Switzerland | Power trading | Ordinary shares | 16 |
| EDF Inc. | United States of America | Holding company (Holding commodity trading and energy generation companies) | Ordinary shares | 17.5 |

**Investments (continued)**

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

The Group incorporates the following branches in group reporting:

| *Branches:* | Country of incorporation | Principal activity | Holding | % |
|---|---|---|---|---|
| EDF Trading Markets Limited (Paris branch) | France | Arranger on behalf of the Company | n/a | n/a |
| EDF Trading Limited (Czech branch) | Czech Republic | Not trading | n/a | n/a |
| EDF Trading Singapore Pte. Limited (Beijing representative office) | 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 |

## 13. Stocks

| | Group 2014 €'000 | Company 2014 €'000 | Group 2013 €'000 | Company 2013 €'000 |
|---|---|---|---|---|
| Coal trading stock | 248,200 | 248,200 | 290,396 | 290,396 |
| Emissions trading allowances | 43,810 | 43,810 | 48,476 | 48,476 |
| Gas | 116,617 | 116,617 | 95,413 | 95,413 |
| Other stock | 20,749 | 18,654 | 13,847 | 11,362 |
| Olive pulp and wood pellets | 5,839 | 4,649 | 4,514 | 3,309 |
| | 435,215 | 431,930 | 452,646 | 448,956 |

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 €420,863,000 (2013: €515,766,000) for the Group and €424,148,000 (2013: €512,076,000) for the Company.

## 14. Debtors

Amounts falling due within one year:

| | Group 2014 €'000 | Company 2014 €'000 | Group 2013 €'000 | Company 2013 €'000 |
|---|---|---|---|---|
| Derivatives (note 19) | 6,056,385 | 6,003,904 | 4,067,934 | 4,053,962 |
| Third party trade debtors | 2,281,116 | 2,260,415 | 2,419,202 | 2,287,183 |
| Amounts receivable from EDF group companies | 1,659,790 | 1,655,232 | 2,408,075 | 2,406,610 |
| Amounts receivable from EDF cash pool | 661,973 | 661,973 | 743,387 | 743,387 |
| Amounts receivable from Group companies | - | 13,453 | - | 29,699 |
| Prepayments | 41,308 | 40,299 | 19,226 | 17,601 |
| Other debtors | 540,347 | 441,792 | 543,430 | 455,834 |
| | 11,240,919 | 11,077,068 | 10,201,254 | 9,994,276 |

Amounts falling due after more than one year:

| | Group 2014 €'000 | Company 2014 €'000 | Group 2013 €'000 | Company 2013 €'000 |
|---|---|---|---|---|
| Amounts receivable from EDF group companies | 34,741 | 34,741 | 41,384 | 41,384 |
| Amounts receivable from Group companies | - | 48,502 | - | 55,562 |
| Deferred tax (note 15) | 36,900 | 22,691 | 10,218 | 5,345 |
| Prepayments | 25,232 | 17,151 | 37,645 | 27,660 |
| Other assets | 2,520 | - | - | - |
| | 99,393 | 123,085 | 89,247 | 129,951 |

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.

## 15. Deferred tax

| | Group 2014 €'000 | Company 2014 €'000 | Group 2013 €'000 | Company 2013 €'000 |
|---|---|---|---|---|
| Accelerated capital allowances | (17,219) | 2,276 | (11,413) | 2,146 |
| Timing differences on accruals | 14,472 | 13,881 | 16,709 | 16,038 |
| Timing differences on income recognition | 492 | - | 1,420 | - |
| Tax losses available | 30,529 | - | 11,338 | - |
| Other timing differences | 6,829 | 6,534 | (12,639) | (12,839) |
| | 35,103 | 22,691 | 5,415 | 5,345 |

**Deferred tax (continued)**

| | Group 2014 €'000 | Company 2014 €'000 | Group 2013 €'000 | Company 2013 €'000 |
|---|---|---|---|---|
| *Movement in deferred tax* | | | | |
| At 1 January | 5,415 | 5,345 | 11,170 | 9,625 |
| Credited / (charged) to profit and loss account (note 8) | 5,676 | 17,548 | (343) | (3,867) |
| (Charged) / credited to statement of total recognised gains and losses (note 21) | 19,858 | (202) | (3,614) | (413) |
| Deduct share of associates movement in reserves | (1,285) | - | 1,125 | |
| Disposal of subsidiary | 4,194 | - | - | |
| Transfer from current tax | - | - | (2,808) | - |
| Exchange adjustment | 1,246 | - | (115) | - |
| At 31 December | 35,103 | 22,691 | 5,415 | 5,345 |
| Deferred tax balance comprises of: | | | | |
| Deferred tax asset (note 14) | 36,900 | 22,691 | 10,218 | 5,345 |
| Deferred tax liability (note 18) | (1,797) | - | (4,803) | - |
| | 35,103 | 22,691 | 5,415 | 5,345 |

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.

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

| | Group 2014 €'000 | Company 2014 €'000 | Group 2013 €'000 | Company 2013 €'000 |
|---|---|---|---|---|
| *Loans* | | | | |
| Loans from EDF | 833 | 833 | 1,787 | 1,787 |
| *Other creditors* | | | | |
| Derivatives (note 19) | 5,556,608 | 5,502,811 | 3,297,977 | 3,316,265 |
| Third party trade creditors | 2,359,928 | 2,201,993 | 3,047,371 | 2,834,595 |
| Amount owed to EDF group companies | 1,177,401 | 1,177,350 | 1,160,346 | 1,160,107 |
| Amount owed to Group companies | - | 152,296 | - | 40,818 |
| Accruals and other creditors | 281,088 | 265,513 | 262,819 | 245,443 |
| Corporation tax | 45,014 | 44,388 | 29,473 | 17,851 |
| | 9,420,039 | 9,344,351 | 7,797,986 | 7,615,079 |
| Creditors falling due within one year | 9,420,872 | 9,345,184 | 7,799,773 | 7,616,866 |

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

| | Group 2014 €'000 | Company 2014 €'000 | Group 2013 €'000 | Company 2013 €'000 |
|---|---|---|---|---|
| *Loans* | | | | |
| Loan from EDF | 450,000 | 450,000 | 1,433,635 | 1,433,635 |
| *Other creditors* | | | | |
| Deferred income | - | - | 949 | - |
| Advances received | 20,545 | 20,545 | 22,255 | 22,255 |
| Other liabilities | 6,033 | 12,552 | - | - |
| | 26,578 | 33,097 | 23,204 | 22,255 |
| Creditors falling due after more than one year | 476,578 | 483,097 | 1,456,839 | 1,455,890 |

Loan from EDF constitutes an unsecured Euro bond, bearing interest at a rate of 2.983%. This has a maturity date of December 2019. EDFT also have a €60,000,000 uncommitted, undrawn overdraft facility provided by EDF.

## 18. Provisions for liabilities

| | Group 2014 €'000 | Company 2014 €'000 | Group 2013 €'000 | Company 2013 €'000 |
|---|---|---|---|---|
| Deferred taxation (note 15) | 1,797 | - | 4,803 | - |
| Provision for decommissioning | 884 | - | 5,836 | - |
| Provision for onerous contract | 42,227 | 42,227 | 47,755 | 47,754 |
| Other provisions | 452 | - | 424 | - |
| | 45,360 | 42,227 | 58,818 | 47,754 |

| | Decommissioning €'000 | Onerous contracts €'000 | Other €'000 | Total €'000 |
|---|---|---|---|---|
| **Group:** | | | | |
| At 1 January 2014 | 5,836 | 47,755 | 424 | 54,015 |
| Charged to profit and loss account | - | - | 34 | 34 |
| Capitalised to tangible assets (note 11) | 28 | - | - | 28 |
| Released unused to profit and loss account | - | (5,528) | (6) | (5,534) |
| Disposal of subsidiary | (5,018) | - | - | (5,018) |
| Exchange adjustment | 38 | - | - | 38 |
| At 31 December 2014 | 884 | 42,227 | 452 | 43,563 |

| | Onerous contract €'000 | Total €'000 |
|---|---|---|
| **Company:** | | |
| At 1 January 2014 | 47,755 | 47,755 |
| Movement in provision for onerous time charter contracts | (5,528) | (5,528) |
| At 31 December 2014 | 42,227 | 42,227 |

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

**Provisions for liabilities (continued)**

**Decommissioning**

A provision is recognised for the expected dismantling of equipment and rectification of land used for coal mining and coal storage. The provision decreased in 2014 following the disposal of EDF Trading Gas Storage Limited. The provision assumes that most of these costs will be incurred in approximately 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 contractual payments in chartering vessels in future periods where the contracted chartering rate is significantly above the forward market rate. The average length of the onerous contracts is 2 years from the balance sheet date. 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.

## 19. Derivative financial instruments

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

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

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

| | Group 2014 €'000 | Company 2014 €'000 | Group 2013 €'000 | Company 2013 €'000 |
|---|---|---|---|---|
| **Debtors** | | | | |
| Energy commodity contracts | 6,003,176 | 5,950,695 | 3,931,714 | 3,919,572 |
| Forward foreign exchange contracts | 7,354 | 7,354 | 79,783 | 77,953 |
| Interest rate swaps | 45,855 | 45,855 | 56,437 | 56,437 |
| | 6,056,385 | 6,003,904 | 4,067,934 | 4,053,962 |

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 debtors is (€11,021,604) (2013: €62,416,000).

**Derivative financial instruments (continued)**

| | Group 2014 €'000 | Company 2014 €'000 | Group 2013 €'000 | Company 2013 €'000 |
|---|---|---|---|---|
| **Creditors** | | | | |
| Energy commodity contracts | 5,399,750 | 5,346,050 | 3,165,554 | 3,184,489 |
| Forward foreign exchange contracts | 52,902 | 52,805 | 26,789 | 26,142 |
| Interest rate swaps | 102,304 | 102,304 | 97,091 | 97,091 |
| Credit derivatives | 1,651 | 1,651 | 8,543 | 8,543 |
| | 5,556,608 | 5,502,811 | 3,297,977 | 3,316,265 |
| Net open positions | 499,777 | 501,093 | 769,957 | 737,697 |

Realisation profile of derivative financial instruments:

| | Group 2014 €'000 | Company 2014 €'000 | Group 2013 €'000 | Company 2013 €'000 |
|---|---|---|---|---|
| Within 12 months | 253,936 | 199,578 | 268,680 | 397,785 |
| Beyond 12 months | 245,841 | 301,515 | 501,277 | 339,912 |
| | 499,777 | 501,093 | 769,957 | 737,697 |

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 €21,445,442 (2013: €7,600,000).

Movement of €183,615,000 (2013: (€378,213,000)) 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 (0.3131%) 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 2014 the capped liability was $638million (2013: €631million), resulting in the recognition of a credit derivative on the balance sheet of €1,651million (2013: € 8,543million).

# Notes to the accounts
# Year ended 31 December 2014

## 20. Called up share capital

| | 2014 €'000 | 2013 €'000 |
|---|---|---|
| **Authorised, called up, allotted and fully paid** | | |
| 81,000,000 ordinary shares of €1 each | 81,000 | 81,000 |

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

| | Share capital 2014 €'000 | Capital redemption reserve 2014 €'000 | Group reconstruction reserve 2014 €'000 | Other reserves 2014 €'000 | Profit and loss account 2014 €'000 | Total shareholder's funds 2014 €'000 | Total shareholder's funds 2013 €'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| At 1 January | 81,000 | 9,138 | 298,250 | 36,863 | 2,243,456 | 2,668,707 | 2,663,351 |
| *Cash flow hedge:* | | | | | | | |
| Fair value losses in year | - | - | - | (2,263) | - | (2,263) | 4,719 |
| Tax on fair value (gains)/losses in year (note 15) | - | - | - | 1,107 | - | 1,107 | (1,504) |
| Dividends paid | - | - | - | - | (251,294) | (251,294) | (235,000) |
| *Foreign exchange adjustments:* | | | | | | | |
| Exchange differences | - | - | - | 84,607 | - | 84,607 | (79,497) |
| *Net investment hedges:* | | | | | | | |
| Fair value losses in year | - | - | - | (93,751) | - | (93,751) | 22,232 |
| Tax on fair value (gains) / losses in year (note 15) | - | - | - | 18,751 | - | 18,751 | (2,110) |
| Share of Associates' other reserves (note 12) | - | - | - | (29,220) | - | (29,220) | 45,222 |
| Profit for the year | - | - | - | - | 309,017 | 309,017 | 251,294 |
| At 31 December | 81,000 | 9,138 | 298,250 | 16,094 | 2,301,179 | 2,705,661 | 2,668,707 |

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

| | Share capital 2014 €'000 | Capital redemption 2014 €'000 | Group reconstruction reserve 2014 €'000 | Other reserves 2014 €'000 | Profit and loss account 2014 €'000 | Total shareholder's funds 2014 €'000 | Total shareholder's funds 2013 €'000 |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| At 1 January | 81,000 | 9,138 | 565,160 | 288 | 2,116,216 | 2,771,802 | 2,696,018 |
| *Cash flow hedge:* | | | | | | | |
| Fair value gains/( losses) in year | - | - | - | 1,011 | - | 1,011 | 1,9991 |
| Tax on fair value losses in year (note 15) | - | - | - | (202) | - | (202) | (413) |
| Dividends paid | - | - | - | - | (251,294) | (251,294) | (235,000) |
| Unrealised profit on disposal of subsidiary | - | - | - | - | - | - | - |
| Foreign exchange adjustment | - | - | - | - | - | - | 474 |
| Profit for the year | - | - | - | - | 263,398 | 263,398 | 308,732 |
| At 31 December | 81,000 | 9,138 | 565,160 | 1,097 | 2,128,320 | 2,784,715 | 2,771,802 |

## 22. Minority interest

| | Total €'000 |
|---|---|
| At 1 January 2014 | (171) |
| Disposal of subsidiary undertaking | 97 |
| Associates' share of profits on ordinary activities after taxation | 74 |
| At 31 December 2014 | - |

## 23. Pension commitments

The Group makes payments to a defined contribution group personal pension scheme for its employees. Contributions are made based on a percentage of the employees' salary. The unpaid contributions outstanding at the year end, included in accruals and other creditors (note 16), are €722,000 (2013: €261,000).

# Notes to the accounts
# Year ended 31 December 2014

## 24. Commitments and contingencies

The Group's commitments are as follows:

| | Group 2014 €'000 | Company 2014 €'000 | Group 2013 €'000 | Company 2013 €'000 |
|---|---|---|---|---|
| **Capital expenditure commitments** | | | | |
| (contracted for but not provided for) | 182 | - | 2,123 | - |
| **Lease commitments** | | | | |
| Annual amounts for operating leases using year end exchange rates: | | | | |
| - expiry date within one year | 8,858 | 8,858 | 1,760 | 800 |
| - expiry date between one and five years | 18,922 | 18,914 | 3,576 | 3,420 |
| - expiry date after five years | 14,343 | 14,343 | 758 | 758 |
| Annual amounts for leases of land and buildings using year end exchange rates: | | | | |
| - expiry date within one year | 1 | - | 866 | - |
| - expiry date between one and five years | 1,152 | 535 | 1,408 | - |
| - expiry date after five years | 6,998 | 3,774 | 7,607 | 4,041 |
| | 50,274 | 46,424 | 15,975 | 9,019 |

**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 €828,000,000 (2013: €878,000,000).

## 25. 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.

## 26. 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.

## 27. Events after the balance sheet date

Other than the dividend declared (see note 9) there have been no significant events since the balance sheet date that require disclosure.