EDF Trading Limited

Annual Report and financial statements for the year ended 31 December 2020

Registered number: 3750288

Contents

Company information

Directors
Marc Benayoun
Bruno Bensasson
Béatrice Bigois (appointed 01/01/20)
Sylvie Billion (appointed 01/04/21)
Béatrice Buffon (appointed 13/03/20)
Sabine Le Gac
Xavier Girre
Robert Guyler
Stanislas Martin
Laurent Reber
Stéphanie Roger-Selwan
Marianne Laigneau (resigned 08/02/20)

Secretary
Guido Santi

Company number
3750288

Registered Office
Third Floor, Cardinal Place
80 Victoria Street
London, United Kingdom
SW1E 5JL

Auditor
KPMG LLP
Chartered Accountants
London, United Kingdom
E14 5GL

Strategic Report

The directors present their Strategic Report for EDF Trading Limited ("the Company" or "EDFT") for the year ended 31 December 2020.

Principal activity

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

Review and analysis of business during the year

Business review

The Company’s year on year traded volumes were:

Traded volumes per commodity (physical and derivatives)	**Unit**	**2020**	**2019**
Power	TWh	2,371	1,898
Oil	Million barrels	1,047	941
CO_2	Million tonnes	541	437
Gas	Billion therms	248	221

The Group's Key performance indicators	**2020**	**2019**
Profit before interest and tax *[Operating profit + Other losses]*	€514m	€582m
Capital employed *[Net assets - Borrowings]*	€2,782m	€2,977m
Return on capital employed *[PBIT / Capital employed]*	18%	19%
Employee Survey - engagement index	84%	76%

Financial performance
EDFT has continued to optimise positions and create value within the EDF Group. In 2020 EDFT generated €679.4m net trading margin (2019: €800.5m). The Group's operating profit for 2020 is €516.7m (2019: €592.9m).

Financial position
The Group's net assets decreased from €2,991m at 31 December 2019 to €2,788m at 31 December 2020 as a result of a €612m (2019: €485m) dividend being paid. Working capital usage in the period decreased to a net liability of €41m (2019: €23m asset).

Governance, risks and uncertainties
EDFT continues to maintain an effective system of internal controls, market risk management and credit risk management, for details please refer to the Risk Management section of the Directors’ Report. The directors took steps to mitigate risks related to the United Kingdom's exit from the European Union and the Covid-19 pandemic. For details of steps taken please refer to the Going Concern Statement section of the Directors' Report.

Refer to the Directors' Report for the analysis of the principal risks and other associated risks to the Company.

Section 172(1) statement

The Board of the Company is required by law to consider the impact of any decision on the interests of employees, suppliers, customers, community and other stakeholders. The scope of this consideration includes the need to act fairly and maintain high levels of business contact.

The directors foster effective stakeholder relationships aligned to the Company’s purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

Strategic Report (continued)

The Board is committed to social responsibility and environmental sustainability, which is demonstrated through the culture of Zero Harm (ensuring the safety, health and wellbeing of all Group employees), creating a positive environmental and social impact, and being an employer of choice.

Annual employee engagement surveys are performed to highlight areas for improvement. The Board considers the results of all employee engagement surveys as a good barometer of the workforce's confidence in the Company's strategic direction, optimism in the future and career opportunities. Actions taken as a result of employee engagement surveys are communicated to all employees.

The Company has reported its gender pay gap information in line with the legislative requirements.

Sources and uses of Cash

Cash is principally generated from commodity trading and related asset optimisation less applicable operational and financial charges.

Cash is utilised by day to day operations of the business (working capital) in addition to appropriate investment in both intangible and fixed assets.

Liquidity is actively monitored against the Group's potential exposures. As detailed within notes to financial statements, the Group participates in a cash management programme with the wider EDF Group and has access to significant undrawn liquidity.

Future developments

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

The Group has noted the increased risks generated by the ongoing Covid-19 pandemic and has taken steps to assess the changing environment and adopt mitigating actions. Directors continue to monitor the performance of the business in this challenging environment, to ensure the Group adapts adequately to different working methods and unprecedented market conditions whilst continuing to be compliant with applicable laws and regulations. The Company actively encourages engagement of staff with these ongoing challenges and continues to prepare the Group for the various possible outcomes by strengthening controls, financial stress testing, and preparing tactical solutions as the crisis develops.

Post reporting events

No significant events have been noted since the end of the financial year, details of those considered by management are included within the notes to the financial statements.

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

S Billion

Chief Financial Officer
28 May 2021
Third Floor, Cardinal Place
80 Victoria Street
London
SW1E 5JL

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2020. The directors which served the Company during the year and since year end to the date of this report were as follows:

Marc Benayoun
Bruno Bensasson
Béatrice Bigois (appointed 01/01/20)
Sylvie Billion (appointed 01/04/21)
Béatrice Buffon (appointed 13/03/20)
Sabine Le Gac
Xavier Girre
Robert Guyler
Stanislas Martin
Laurent Reber
Stéphanie Roger-Selwan
Marianne Laigneau (resigned 08/02/20)

Results and dividends
The Group recognised profit for the year of €450.5m (2019: €612.0m). The accounts for the year ended 31 December 2020 are set out on pages 19 to 55. The Company declared and paid out a dividend of €612m during the reporting year (2019: €485m).

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

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

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

The Chief Executive Officer ("CEO") and the Chief Risk Officer ("CRO") are responsible for the management of risks through the roll-out and control of an effective framework of risk management principles and policies. The CEO has established three global committees to oversee risk management:

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

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

Directors' Report (continued)

Risk Governance (continued)
Global Credit Committee ("GCC"):
The GCC oversees all aspects of credit risk management. The Credit Committee establishes credit policies and approves appropriate credit limits for each counterpart. Credit limits, which define our credit risk parameters with each counterpart, are approved by the Credit Committee once it has reviewed a counterpart credit assessment. The GCC is also in charge of embedding the Know Your Customer ("KYC") policy for the Group.

Risk management organisation
Compliance with all limits and control procedures is monitored by the risk management department, which is independent of the trading business and reports independently of the commercial functions into the Executive Committee. 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, foreign exchange and interest rates. Value-at-risk is our primary mechanism for market risk measurement but is also complemented by a number of other measurements/limits such as stress tests, volumetric limits and peak to current limits depending on the product. All positions are recorded and monitored in either trading books or structured transaction accounts, as appropriate.

Value-at-Risk ("VaR")
The Group uses daily VaR measures as the primary mechanism for market risk control. The daily VaR measure is the maximum potential loss that might arise if current positions were unchanged over one business day at a 97.5% confidence level. The Risk Committee has allocated VaR limits to all trading desks and daily risk reports are produced for all major risk categories - power, gas, oil, LNG, LPG and carbon emissions - to monitor the level of risk. At 31 December 2020, the VaR for the Group trading books was €7,150k (2019: €9,150k). The average VaR utilisation during 2020 was €7,742k (2019: €6,150k). As VaR does not always provide a direct indication of the potential size of losses, additional techniques are employed to monitor market risk, including various types of stress testing.

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

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

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

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

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

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

Directors' Report (continued)

Credit risk (continued)
The following table summarises the internal rating of counterparts and splits our counterpart exposure accordingly.

	>AA	A	BBB	BB	B	C>
2020	1%	11%	64%	22%	1%	<1%
2019	<1%	27%	54%	17%	1%	<1%

A strong credit risk culture established across all business functions provides the foundation of EDFT's credit risk management processes. Exposures are reviewed daily and limit utilisation reports together with directives to manage exposures are sent to all commercial teams on a daily basis. The credit team works in partnership with the legal team to ensure effective contractual mitigation for example: close-out netting, third party guarantees, liens, collateral (including cash and letters of credit) or contractual covenants. The financial effect of the above is to offset any potential settlement exposure and then mark-to-market exposure.

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

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

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

Operational and other risks
Operational risk is the exposure to losses that may occur as a consequence of carrying out physical operations, and from errors resulting from failures in internal processes or systems.

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

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

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

In the critical area of system outage risk, we have back-up systems and procedures to manage every material 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 Officer, Chief Commercial Officer, Chief Financial Officer, Chief Risk Officer and Chief Operating Officer on a regular basis.

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.

Directors' Report (continued)

Accounting and valuation
The Group uses mark-to-market accounting for positions in accordance with international accounting principles. Where market information is unavailable, such as cross-commodity correlations, time-spread correlations and forward volatilities, then internal models are used on a deal by deal basis. 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 to ensure it has adequate and sufficient capital allocated to its business activities. The methodology is broadly based on the Basel Accord, which includes the assessment of market, credit and operational risk capital. Risk capital is allocated to trading activities based on a multiple of 15 times the VaR approved by the Risk Committee. Further capital is allocated to structured transactions based on a stress testing analysis.

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

EDFT has also developed a Return on capital employed ("ROCE") metric to measure and assess the performance of each desk based on the level of economic capital necessary to produce net income. While the range of ROCE varies significantly desk by desk, EDFT's overall ROCE stands at 18% for 2020 (2019: 19%) compared to a weighted average cost of capital ("WACC") of 4.9% (2019: 5.3%) 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.

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 cash and cash equivalents, 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 pound sterling (UK power and gas) and US dollars (coal, freight and LNG). When currency exposure arises as a result of purchase and sale commitments in foreign currency, forward foreign exchange transactions are used to hedge the exposure.

Integrated IT
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.

Directors' Report (continued)

Company secretary
Guido Santi has served as company secretary for the full year.

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.

Directors' indemnity
The Directors have the benefit of the indemnity provisions contained in the Company's Articles of Association ('Articles'), and the Company has maintained throughout the year Directors' and officers' liability insurance for the benefit of the Company, the Directors and its officers. The Company has entered into qualifying third party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

Business relationships with suppliers, customers and others
The directors regularly consider business relationships with suppliers, customers and other key stakeholders. As part of the Group's role within the industry it actively participates in industry wide forums and shares best practice with business partners.

As part of the procurement and supplier management process the Group carries out extensive KYC checks to ensure the arrangements being entered into are appropriate.

Climate related risks
Due to the Group's position as the interface to the carbon market for the wider EDF Group, it is pro-active in monitoring and analysing climate related risks. As a result, EDF Trading is positioning itself to help other EDF Group entities manage their own future climate related risk.

The Group is constantly monitoring developing markets for potential entry. These developing markets will help play a role in the energy transition such as Biofuels or PPA arrangements.

Directors' Report (continued)

Greenhouse Gas (GHG) Emissions Reporting and Energy Consumption (kWh)

Reporting period	1 January 2020 – 31 December 2020
Baseline year	FY19
Consolidation	Operational control
Boundary summary	All UK operations and facilities are included. Scope 1 emissions have been excluded as this is expected to be negligible due to the nature of the business. There has not been any significant company travel in FY20 as a result of the Covid-19 pandemic and the emissions from air conditioning and refrigeration units are excluded due to the cost of data collection. Scope 2 emissions have excluded the electricity consumption from the offices outside of the UK due to the cost of data collection, these are expected to be negligible due to the comparative size of these offices.
Consistency with financial statements	Organisations are encouraged to align information to financial years as to aid comparability and consistency of information with financial performance. SECR reporting has been prepared on an annual basis to 31 December 2020 in line with the Group's period end.
Emission factor data source	DEFRA GHG emission factors for the period have been used for all emissions sources.
Assessment methodology	The footprint is calculated in accordance with the Greenhouse Gas (GHG) Protocol and Environmental Reporting Guidelines, including streamlined energy and carbon reporting guidance. Scope 2 reporting uses the market-based calculation approach.
Estimations	As noted above the impact of the emissions excluded has been estimated as negligible to the Group.
Intensity ratio	Emissions per €m operating expenses.

The group has assessed its emissions and energy consumption on the basis of the exclusions noted above. This has been assessed for the periods reported in these results.

Scope 1 GHG emissions have been excluded as this is expected to be negligible due to the nature of the business. There has not been any significant company travel in FY20 as a result of the Covid-19 pandemic and the emissions from air conditioning and refrigeration units are excluded due to the cost of data collection.

Scope 2 GHG emissions are comprised of the emissions associated with electricity consumption by the Group. This data excludes the electricity consumption from the offices outside of the UK due to the cost of data collection, these are expected to be negligible due to the comparative size of these offices.

Scope 3 GHG emissions have not been noted as the Group does not purchase commercial fuels for its own use.

CO_2 equivalent factors are used which ensures we have reported on all of the emissions sources required under the Companies Act 2006 Regulations. Consumption considers the Group activities with certain exclusions as outlined above.

The Group's CO_2 emissions and supporting metrics for the period and comparative period are detailed in the following table:

	Year ended 2020 Tonnes	**Year ended 2019 Tonnes**
Scope 1 CO_2 emissions	-	-
Scope 2 CO_2 emissions (Market-based)	271	360
Scope 3 CO_2 emissions	-	-
Total Scope 1, Scope 2 and Scope 3 CO_2 emissions	271	360
CO_2 emissions (Tonnes / €m operating expenses)	1.7	1.7

The Group's kWh consumption for the period and comparative period are detailed in the below table. Scope 2 consumption is based on the amounts of electricity purchased through the period.

	Year ended 2020 kWh	**Year ended 2019 kWh**
Scope 1 consumption	-	-
Scope 2 consumption	1,294,460	1,416,425
Scope 3 consumption	-	-
Total Scope 1, Scope 2 and Scope 3 consumption	1,294,460	1,416,425

The reduced consumption rates in the current period are as a result of the reduced office use during the lockdowns introduced as a result of the Covid-19 pandemic.

Management are looking to further increase efficiency in line with the EDF group's CAP2030 targets. Office energy use is being reduced by replacing all VDUs with more efficient models and initiating a project to implement LED lighting.

Directors' Report (continued)

Corporate Governance Statement

For the financial year ending 31 December 2020, EDF Trading has continued to act in accordance with the robust corporate governance arrangements outlined below in this statement, which are embedded across the EDF Trading Group (the Group). The Company also continued to support its parent company EDF SA, a listed company on the Euronext Paris, in complying with its obligations under the French Afep-Medef Code.

In addition to the ongoing support provided to EDF SA in complying with its corporate governance arrangements, the Company takes its own approach to corporate governance very seriously; this is demonstrated through the culture and behaviours adopted across the Group. The Group applies best governance practices. As part of the recent implementation of the Companies (Miscellaneous Reporting) Regulations 2018, the Company has reviewed its approach to corporate governance and has considered the various formal codes that have been published, such as the Wates Principles for Large Private Companies. Following this review, the Company is confident that the corporate governance practices already adopted are well aligned to formal codes such as the Wates Principles, and in many areas go beyond them. The Company has therefore concluded that formally adopting a corporate governance code in 2020 would not deliver any significant improvements to the high corporate governance standards already in place, could lead to confusion and inconsistency of approach with the EDF Group principles, and in certain situations could result in a dilution of corporate governance standards.

In summary, the Board has carefully considered the matter and has decided to continue to implement the corporate governance practices already adopted and to support its parent company in complying with the French Afep-Medef code whilst at the same time persisting in benchmarking itself against the Wates Principles and ensuring best practises are implemented within its governance. This will ensure that EDF Trading continues to benefit from the best governance options whilst also enabling a consistent approach to corporate governance across the wider EDF SA Group.

The Company relies on the following arrangements:

The Company operates an effective Board that develops and promotes the purpose of a Company, and ensures the Company values, strategy and culture align with that purpose.

EDF Trading is part of the EDF Group, a leader in the international wholesale energy markets. It is active throughout the value chain within the electricity, natural gas, LPG and environmental products markets. It is a 100% owned subsidiary of EDF, the world's biggest electricity generator and a global leader in low carbon energy.

Many of the values of the Company are directly derived from the parent company, via policies such as the Code of Conduct and the Ethics Charter. The strategy of the Company is also consistent with that of the wider EDF Group, through the 2030 Vision. The specific culture of the Company is summarised by the focus on 'Responsibility, Authority and Accountability', which permeates all activities.

The Board meets regularly to consider strategic and operational matters, sets the Company values and ensures they are communicated throughout the Company via written policies, regular presentations and mandatory training.

The Company has an effective Board composition, with a competent chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of the Board is appropriate to the scale and complexity of the Company.

The directors have given careful consideration to the size and structure of the Board, in order to meet the strategic needs and challenges of the organisation. The Chair and three other directors are members of the executive committee of EDF, and the other Board members represent various EDF Group subsidiaries and divisions; and specialities including finance, legal affairs and risk management. There is a diversity of sex, nationality and backgrounds. All directors appointed have strong backgrounds in areas and sectors which are relevant for the Company business and activities. Changes to the composition of the Board, particularly new appointments, are approved in accordance with the 'Governance of Subsidiaries and Minority Shareholdings' policy mandated by EDF SA for the worldwide EDF Group.

Subcommittees of the Board include the Audit Committee and the Remuneration Committee. These are comprised of the Board members with the most relevant experience and provide detailed oversight to the activities of the Company.

Directors' Report (continued)

Corporate Governance Statement (continued)

The operation of the Board, and the training and information provided to directors, is conducted in accordance with the principles laid out in the EDF Group policy on the 'Governance of Subsidiaries and Minority Shareholdings'.

The Board and individual directors have a clear understanding of their accountability and responsibilities. The Company's policies and procedures support effective decision making and independent challenge.

The Company's constitutional documents set out the authority, role and conduct of directors and regularly requires independent assessments on business process and strategic reviews from the Group Audit and Risk Divisions and from third parties.

The directors are confident in the integrity of the information used for decision making. This is due to the Company's strong internal procedures in relation to financial reporting, key performance indicators and stakeholder feedback, among other sources of data. Information provided to the Board as part of its Board Pack, or any other formal process, is verified by the respective Executive Committee member before presentation or circulation to the Board and, to the extent required, is periodically audited by external auditors.

Day to day management responsibility for the Company resides with the Executive Committee, whose members have a range of backgrounds and experience including finance, risk, legal affairs and commercial activities.

The Board promotes the long term sustainable success of the Company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risk.

The Company has a stringent risk management culture through policies, reporting, and internal control and assurance, enabling directors to make robust decisions concerning the principal risks to the Group. The EDF Group has developed a risk and internal controls policy, which defines key standards the Group companies should be achieving. The Company assesses itself against these standards, and is audited against them to provide assurance that the risk culture is appropriate. This enables the directors to confidently make decisions concerning the principal risks. The directors have agreed on how these risks should be managed or mitigated to reduce the likelihood of their incidence or the magnitude of their impact.

Members of the Executive Committee sit on key operational committees including the Risk Committee, the Credit Committee and the New Business Committee. These committees also include heads of department from relevant specialities and provide comprehensive management of key risks. The conclusions of these committees are shared with the Board as required.

The Company has an extensive suite of policies and procedures, which are updated regularly and communicated to all employees. On an annual basis it undertakes a Risk Mapping exercise and produces a detailed Internal Control Self Assessment. The results of these activities are presented to the Board, via the Audit Committee. Any actions required as a result of these analyses are tracked, and the final conclusions and outcomes are reported to the Audit Committee.

The Board promotes executive remuneration structures aligned to the long term sustainable success of the Company, taking into account pay and conditions elsewhere in the Group.

The Company is committed to building a sustainable future for all employees. Honouring this commitment means fostering a work environment where everyone is rewarded fairly for the work they do and the contributions they make to the Company's success. This applies to all employees, including the Executive Committee.

The Remuneration Committee is explicitly required to regularly review and approve all contractual terms, salaries, incentives and benefit plans for the CEO and Executive Committee members. The members of the Remuneration Committee are able to obtain advice from EDF SA and outside legal or other independent professional advisors to assess the suitability of the Company's executive remuneration structures.

The Directors of EDF Trading do not receive any remuneration for their roles as directors as all are employed by the EDF Group and are remunerated for their primary roles.

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 the Company.

This is achieved in particular through the EDFT intranet site, which includes updates by management, formal and informal meetings as appropriate, regular email updates to all staff in the form of a staff bulletin, an EDFT newsletter issued every month and team meetings as required.

Directors' Report (continued)

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" and in "Related party transactions" in note 29. 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 when preparing the accounts.

As a consequence of the "Brexit" referendum held in the UK on 23 June 2016, the Group faced legal and regulatory uncertainty. The primary risk identified was the potential for restrictions on access to specific European energy commodity markets by UK based entities. The Group sought to mitigate this risk by setting up a European subsidiary, which commenced as the interface to the markets concerned during 2020 . In the longer term, whilst there is the prospect of legal and regulatory divergence, given the close integration of UK-EU energy markets the extent of any variance is expected be minimal over the short to medium term.

Other risks, including fraud, foreign exchange, and liquidity risks have been assessed but are not considered significantly enhanced in the context of Brexit.

The directors are closely monitoring the ongoing risks to the business that continue to evolve as a result of the Covid-19 crisis. As a component of this ongoing risk monitoring, the Board's Audit Committee has reviewed the effectiveness of controls and the Group's response to these changing risks. The Board is actively managing the Group's response to the crisis, both through the existing governance framework and through the dedicated Covid-19 Crisis Management team. In the opinion of the directors, the crisis does not currently pose a threat to the Group's going concern status.

Political contributions
Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year or the prior year.

Other information
An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year has been included in the Strategic Report on pages 4 and 5.

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

These confirmations are given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance with and subject to those provisions.

KPMG LLP have been reappointed as the Company's auditor pursuant to section 487 of the Companies Act 2006.

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

S Billion

Chief Financial Officer

28 May 2021
Third Floor, Cardinal Place
80 Victoria Street
London SW1E 5JL

Directors' responsibilities statement

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

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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 Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable, relevant and reliable,
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Group and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

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

B Bigois
Chief Executive
28 May 2021

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

Opinion

We have audited the financial statements of EDF Trading Limited (“the company”) for the year ended 31 December 2020 which comprise the Consolidated statement of comprehensive income, Consolidated and Company statements of financial positions, Consolidated and Company statements of changes in equity, Consolidated cash flow statement, Company cash flow statement and related notes, including the accounting policies in note 2.

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 2020 and of the group’s profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group’s and the company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group’s and Company’s financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group’s and Company’s available financial resources over this period were:

- The availability of funding and liquidity in the event of a market wide or firm specific stress scenario including the impact of a ratings downgrade or market volatility as the COVID-19 pandemic continues to unfold.

We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the Directors’ assessment of going concern, including the identified risks and, and related sensitivities.

Our conclusions based on this work:

- we consider that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.
- we found the going concern disclosure in note 2 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, senior management, internal control and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud , including the internal control function, and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit Committee, New Business Committee and Compliance committee meeting minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as valuation of financial instruments. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue recognition is a highly automated process with minimal opportunity for manipulation.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management/ those posted and approved by the same user/ those posted to unusual accounts; and
- Assessing significant accounting estimates for bias in relation to financial instruments.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and senior management (as required by auditing standards), and from inspection of the Company’s regulatory and legal correspondence and discussed with the directors and senior management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:
• we have not identified material misstatements in the strategic report and the directors' report;
• in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
• in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 15, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Zaffarali Khakoo
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
28 May 2021

EDF Trading Limited
Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the year ended 31 December 2020

	Note	Year ended 2020 €'000	Year ended 2019 €'000
Net trading income		679,451	800,513
Other operating income		4,395	4,578
Administrative expenses		(148,873)	(157,912)
Other operating expenses		(18,228)	(54,317)
Operating profit		516,745	592,862
Other losses	7	(2,935)	(10,779)
Investment revenue	8	9,099	12,035
Finance costs	9	(17,072)	(36,118)
Profit before tax		505,837	558,000
Taxation	11	(96,827)	(110,742)
Share of profit of associates		41,523	164,711
Profit for the year		450,533	611,969
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
(Losses)/gains on cash flow hedges arising during the year		(2,897)	2,760
Deferred income tax relating to cash flow hedges	11	480	(608)
Gains/(losses) on hedges of a net investment in foreign operations	27	74,317	(38,514)
Movement in associates' other comprehensive income	16	(963)	(18,309)
Foreign currency translation differences on foreign operations	27	(113,127)	24,375
Items reclassified to profit or loss during the year:			
Gains on cash flow hedges reclassified to profit or loss	27	294	816
Gains on hedges of a net investment reclassified to profit or loss		-	39,587
Foreign currency translation reserve recycled through profit or loss		-	(28,950)
Other comprehensive expense for the year net of income tax		(41,896)	(18,843)
Total comprehensive income for the year		408,637	593,126

The accompanying notes from pages 24 to 55 form an integral part of these financial statements.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the income statement of the parent company.

EDF Trading Limited
Consolidated and Company Balance Sheet
As at 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	€'000	€'000	€'000	€'000
Non-current assets					
Intangible assets	13	-	3,342	-	3,342
Property, plant and equipment	14	43,877	67,108	34,289	43,539
Investment in subsidiaries	15	-	-	41,783	41,783
Investment in associates	16	1,140,981	1,240,528	907,484	968,552
Prepaid expenses and other assets		24,451	29,628	36,894	54,225
Trade and other receivables	19	174,303	194,566	174,303	194,566
Deferred tax asset	24	20,001	15,400	17,610	13,175
		1,403,613	1,550,572	1,212,363	1,319,182
Current assets					
Inventories	17	162,307	44,266	144,883	44,266
Derivative financial assets	23	6,484,231	8,966,217	6,480,531	8,977,698
Loans and receivables	21	10,421	13,180	13	123
Current tax receivables		10,319	15,050	10,631	9,115
Trade and other receivables	19	2,523,368	2,831,101	2,612,278	2,802,517
Prepaid expenses and other assets		13,049	15,551	11,595	14,436
Cash and cash equivalents	18	1,656,203	1,702,923	1,602,631	1,659,167
		10,859,898	13,588,288	10,862,562	13,507,322
Total assets		12,263,511	15,138,860	12,074,925	14,826,504
Current liabilities					
Borrowings	22	5,320	14,255	2,565	12,909
Current tax liabilities		19,301	40,251	18,267	38,618
Derivative financial liabilities	23	6,635,312	8,412,400	6,620,258	8,429,767
Trade and other payables	20	2,764,824	3,609,544	2,883,497	3,619,996
		9,424,757	12,076,450	9,524,587	12,101,290
Net current assets		1,435,141	1,511,838	1,337,975	1,406,032
Non-current liabilities					
Deferred tax liabilities	24	163	1,287	163	643
Provisions	25	-	-	-	-
Borrowings	22	28,272	33,726	27,780	27,232
Trade and other payables	20	6,943	18,262	4,088	15,882
Other liabilities		15,845	18,241	15,845	18,241
		51,223	71,516	47,876	61,998
Total liabilities		9,475,980	12,147,966	9,572,463	12,163,288
Net assets		2,787,531	2,990,894	2,502,462	2,663,216
Equity					
Share capital	26	81,000	81,000	81,000	81,000
Capital redemption reserve		9,138	9,138	9,138	9,138
Hedging and translation reserves	27	(110,006)	(69,073)	435	2,558
Other reserves		295,046	296,009	565,160	565,160
Retained earnings		2,512,353	2,673,820	1,846,729	2,005,360
Total equity		2,787,531	2,990,894	2,502,462	2,663,216

The financial statements were approved by the Board of Directors and authorised for issue. Signed on behalf of the Board of Directors on 28 May 2021 by:

B Bigois
Chief Executive
EDF Trading Limited
Registered number: 3750288

The accompanying notes from pages 24 to 55 form an integral part of these financial statements.

EDF Trading Limited
Consolidated and Company Statements of Changes in Equity
As at 31 December 2020

Group	Note	Share capital €'000	Capital redemption €'000	Hedging and translation reserves €'000	Other reserves €'000	Retained earnings €'000	Total €'000
At 1 January 2019		81,000	9,138	(68,539)	314,318	2,546,851	2,882,768
Profit for the period		-	-	-	-	611,969	611,969
Equity reserves recycled through P&L on disposal of subsidiary		-	-	10,637	-	-	10,637
Other comprehensive expense for the period		-	-	(11,171)	(18,309)	-	(29,480)
Total comprehensive income /(expense) for the period		-	-	(534)	(18,309)	611,969	593,126
Dividends paid	12	-	-	-	-	(485,000)	(485,000)
At 31 December 2019		81,000	9,138	(69,073)	296,009	2,673,820	2,990,894
Profit for the period		-	-	-	-	450,533	450,533
Other comprehensive expense for the period		-	-	(40,933)	(963)	-	(41,896)
Total comprehensive income /(expense) for the period		-	-	(40,933)	(963)	450,533	408,637
Dividends paid	12	-	-	-	-	(612,000)	(612,000)
At 31 December 2020		81,000	9,138	(110,006)	295,046	2,512,353	2,787,531

Other reserves includes unrealised profits generated on the disposal of a subsidiary in 2012 and the Group's share of associate's other comprehensive income.

Company	Note	Share capital €'000	Capital redemption €'000	Hedging and translation reserves €'000	Other reserves €'000	Retained earnings €'000	Total €'000
At 1 January 2019		81,000	9,138	(410)	565,160	2,085,357	2,740,245
Profit for the period		-	-	-	-	405,003	405,003
Other comprehensive expense for the period		-	-	2,968	-	-	2,968
Total comprehensive income for the period		-	-	2,968	-	405,003	407,971
Dividends paid	12	-	-	-	-	(485,000)	(485,000)
At 31 December 2019		81,000	9,138	2,558	565,160	2,005,360	2,663,216
Profit for the period		-	-	-	-	453,369	453,369
Other comprehensive income for the period		-	-	(2,123)	-	-	(2,123)
Total comprehensive income for the period		-	-	(2,123)	-	453,369	451,246
Dividends paid	12	-	-	-	-	(612,000)	(612,000)
At 31 December 2020		81,000	9,138	435	565,160	1,846,729	2,502,462

Other reserves include unrealised profits generated on the disposal of a subsidiary in 2012.

The accompanying notes from pages 24 to 55 form an integral part of these financial statements.

EDF Trading Limited
Consolidated Cash Flow Statement
For the year ended 31 December 2020

	Note	Year ended 2020 €'000	Year ended 2019 €'000
Operating activities			
Profit before tax		505,837	558,000
Depreciation of tangible fixed assets	14	9,661	20,701
Impairment of tangible fixed assets	14	1,007	23,192
Amortisation of intangible assets	13	3,342	5,000
Loss on disposal of tangible fixed assets		2,702	-
Interest expense		17,072	36,118
Losses on foreign currency exchange		233	452
Loss on disposal of Group entity	7	-	10,295
Operating cash flows before movements in working capital		539,854	653,758
(Increase)/decrease in inventories		(118,041)	26,369
Decrease in trade and other receivables		327,996	849,338
(Decrease)/increase in trade and other payables		(856,039)	28,721
Decrease/(increase) in net derivative financial asset		752,668	(568,697)
Decrease/(increase) in prepaid expenses		2,502	(2,954)
Decrease in other assets		5,177	6,111
(Decrease)/increase in other liabilities		(2,396)	2,979
Cash generated from operations		651,721	995,625
Interest and bank charges paid		(17,072)	(29,773)
Income taxes paid		(118,424)	(145,934)
Net cash inflow from operating activities		**516,225**	**819,918**
Investing activities			
Repayments of a loan from associate		2,759	-
Dividends received from associate		26,327	12,667
Purchases of property, plant and equipment		(4,487)	(8,469)
Proceeds on disposal of property, plant and equipment and intangible assets		7,353	-
Proceeds on disposal of a subsidiary		-	10,690
Capital injection into an associate		-	(252,697)
Realised gains/(losses) on net investment/cash flow hedges		24,292	(69,281)
Net cash outflow from investing activities		**56,244**	**(307,090)**
Financing activities			
Repayments of borrowings and lease related payments	22	(7,136)	(451,955)
Dividends paid	12	(612,000)	(485,000)
Net cash outflow from financing activities		**(619,136)**	**(936,955)**
Net (decrease) / increase in cash and cash equivalents		**(46,667)**	**(424,127)**
Cash and cash equivalents at beginning of year		**1,702,923**	**2,127,251**
Effect of foreign exchange rate changes on cash and cash equivalents		(53)	(201)
Cash and cash equivalents at end of year	18	**1,656,203**	**1,702,923**

The accompanying notes from pages 24 to 55 form an integral part of these financial statements.

EDF Trading Limited
Company Cash Flow Statement
For the year ended 31 December 2020

	Note	Year ended 2020 €'000	Year ended 2019 €'000
Operating activities			
Profit before tax		532,409	491,322
Amortisation of intangible fixed assets	13	3,342	5,000
Depreciation of tangible fixed assets	14	7,507	16,355
Loss on disposal of tangible fixed assets		311	-
Loss on disposal of a subsidiary		-	25,578
Impairment of investments in associates	16	73,433	-
Interest expense		16,273	34,519
Losses on foreign currency exchange		168	535
Income from subsidiaries		(47,605)	(39,000)
Income from associate		(20,031)	(12,667)
Non-recurring income from recognition of associate	16	(12,365)	-
Operating cash flows before movements in working capital		553,442	521,642
(Increase)/Decrease in inventories		(100,617)	24,036
Decrease in trade and other receivables		210,502	710,184
(Decrease)/Increase in trade and other payables		(748,293)	212,563
Decrease/(Increase) in net derivative financial asset		687,658	(653,986)
Decrease/(Increase) in prepaid expenses		2,841	(3,184)
Decrease in other assets		17,331	4,290
(Decrease)/Increase in other liabilities		(2,396)	3,012
Cash generated from operations		620,468	818,557
Interest and bank charges paid		(16,273)	(34,371)
Income taxes paid		(105,338)	(102,444)
Net cash inflow from operating activities		**498,857**	**681,742**
Investing activities			
Dividends received from subsidiary		47,605	39,000
Dividends received from associate		20,031	12,667
Purchases of property, plant and equipment	14	(4,199)	(4,687)
Disposal of subsidiary		-	10,690
Capital injection into an associate		-	(252,697)
Capital contribution to subsidiary		-	(2,400)
Realised gains/(losses) on cash flow hedges		349	-
Net cash inflow/(outflow) from investing activities		**63,786**	**(197,427)**
Financing activities			
Repayments of borrowings and lease related payments	22	(7,025)	(450,236)
Dividends paid	12	(612,000)	(485,000)
Net cash outflow from financing activities		**(619,025)**	**(935,236)**
Net decrease in cash and cash equivalents		**(56,382)**	**(450,921)**
Cash and cash equivalents at beginning of year		**1,659,167**	**2,110,531**
Effect of foreign exchange rate changes on cash and cash equivalents		(154)	(443)
Cash and cash equivalents at end of year	18	**1,602,631**	**1,659,167**

The accompanying notes from pages 24 to 55 form an integral part of these financial statements.

1 Company information

EDF Trading Limited (the "Company") is a private company incorporated and domiciled in England in the United Kingdom under the Companies Act. The registered number is 3750288 and the address of the registered office is 80 Victoria Street, 3rd Floor, Cardinal Place, London, SW1E 5JL.

These financial statements are presented in euros because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the accounting policies set out in note 2.

2 Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRS"). The principal accounting policies adopted are set out below and within relevant notes to the financial statements.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:
· has power over the investee;
· is exposed, or has rights, to variable return from its involvement with the investee; and
· has the ability to use its power to affect those returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:
· the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
· potential voting rights held by the Company, other vote holders or other parties;
· rights arising from other contractual arrangements; and
· any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

Investments in subsidiaries

Investments in subsidiary undertakings are initially measured at cost and subsequently carried at cost less provisions for impairment. Investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts of the investment may not be recoverable. An impairment loss is recognised if the carrying amount of the investment exceeds the higher of net realisable value and the discounted future earnings from the investment. Further details pertaining to the accounting of subsidiary undertakings is included above at *Basis for consolidation.*

2 Significant accounting policies (continued)

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

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting under which an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases.

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

The Company reviews the carrying amount of the Group's investments in associates for impairment at the end of each reporting period. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Transactions eliminated on consolidation
Intergroup balances and transactions and any unrealised income and expenses, arising from intragroup transactions, are eliminated. Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Translation of foreign operations
The assets and liabilities of foreign operations are translated from their respective functional currencies into the Group's presentation currency using the year-end exchange rates, and their income and expenses using the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Cumulative unrealised gains or losses resulting from translation of functional currencies to the presentation currency are included as a separate component of shareholders' equity. To the extent that these gains and losses are effectively hedged, the cumulative effect of such gains and losses arising on the hedging instruments are also included in that component of shareholders' equity. Upon the disposal of subsidiaries the cumulative amount of exchange differences deferred in shareholders' equity, net of attributable amounts in relation to hedged net investments, is recognised in profit or loss. On the disposal of a foreign operation (i.e. a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash and short term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

The Company participates in a cash management program with Électricité de France, whereby the Company agrees to pool surplus liquidity with Électricité de France. The purpose of the cash pooling arrangement is to allow for the optimal management of credit and investment of cash surpluses between the Company and Electricité de France.

Going concern
The Company’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors Report. In the opinion of the directors, the Company has sufficient liquidity and financial resources to cope with current environment as well as continue in operation for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2 Significant accounting policies (continued)

Going concern (continued)
The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably plausible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period.

As part of this, the directors have considered the economic uncertainties associated with the Covid-19 crisis. To date, the Company has been able to maintain operations during the Covid-19 crisis that has caused severe economic and social disruption across the EU since March 2020. The directors have reviewed liquidity stress testing prepared by the company with an extreme downside scenario which includes downgrading of EDF/EDFT's ratings below investment grade, counterpart defaults, unavailability of credit facilities from financial institutions and future capital and margining requirements. Based on the assessment performed, the forecasts indicate the Company remains in a robust financial position and therefore the directors consider the Company itself has considerable financial resources to continue its operations.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Trading Margin
Net trading income represents the consolidated value of all transactions realised and unrealised as at period end attributable to the purchase and sale of energy products in the wholesale market and related activities. To define trading income, the Group uses the net gains and losses generated from financial instruments classified as held for trading per IFRS 9 *Financial Instruments* ("IFRS 9") as the basis for this categorisation.

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

Trade Receivables and Payables
Based on a review of business model, the accounts receivable are classified at fair value through profit and loss as the management of the Group's core activities is conducted on a fair value basis. Alongside the business model assessment of financial assets, the Group has reconsidered its classification of trade payables. The Group considers trade payables to meet the definition of "held for trading" as they form part of a portfolio of financial instruments that are managed on a fair value basis.

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

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

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

For the purpose of presenting consolidated financial statements, the financial information related to investments is converted to the Group's reporting currency as described in *Translation of foreign operations*.

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

2 Significant accounting policies (continued)

Judgements and estimates (continued)

Fair value measurement

Derivative financial instruments are recognised at fair value. Fair value of these financial instruments is calculated as an estimate which uses market observable inputs but in some cases uses non-market observable inputs. There is further judgement applied in calculating the dynamic reserve for Level 3 models. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship. For fair value hedge relationships, gains or losses on the derivatives (being the hedging instruments) continue to be recognised in the P&L in the period in which they occur. For cash flow and net investment hedges, the effective portion of gains or losses on the derivatives are initially posted to OCI and presented within equity, while the ineffective portion is immediately posted to the P&L. The change in the fair value of the derivatives that is recognised in OCI is subsequently reclassified to the P&L when the hedged item affects the P&L.

All derivative financial instruments are valued using a discounted cash flow. Future cash flows are estimated based on forward rates (from observable rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the counterparties. Similar valuation methodologies are used for commodity forward contracts, foreign currency forward contracts, cross currency swaps and interest rate swaps. Further detail is contained in note 23.

Asset Impairments and Reversals

Management applies judgement in assessing the existence of impairment and impairment reversal indicators based on various internal and external factors. The recoverable amount of CGUs (cash-generating units) and individual assets is determined based on the higher of fair value less costs to sell or value-in-use calculations.

The key estimates the company applies in determining the recoverable amount normally include estimated future charter rates (for vessels), commercial reserves (for mining resources), commodity prices, interest rates, foreign currency rates, discount rates and tax rates. Changes to these estimates and judgements will affect the recoverable amount of individual assets and may then require a material adjustment to their related carrying value.

Deferred Taxes

Deferred tax assets are recognised when it is considered probable that deductible temporary differences will be recovered in the foreseeable future. To the extent that future taxable income and the application of existing tax laws in each jurisdiction differ significantly from the company's estimate, the ability of the company to realise the deferred tax assets could be impacted. The key estimate is the forecast of future taxable profits in each relevant jurisdiction.

3 Standards, interpretations and amendments to published standards

The Group adopted IFRS 16 *Leases* , which replaced IAS 17 effective from 1 January 2019. Right of Use assets are included in Property, Plant and Equipment and lease liabilities are presented within Borrowings on the balance sheet. The Group elected not to restate the comparative information as permitted by the new standard. The impact of the adoption of IFRS16 were the recognition of a Right of Use asset of €43,291k for the Group and €42,290k for the Company and Right of use liabilities of €43,291k for the Group and €42,290k for the Company which are deemed immaterial to the financial statements of the Group and Company.

Apart from the adoption of IFRS 16 in the comparative year, there were no changes to applicable financial reporting standards or accounting policies relevant to these financial statements.

Leases

When the Group enters a contract which contains a lease of an asset, the Group assesses if the contract involves use of an identified asset, whether the Group has the right to obtain all of the economic benefits from use of the asset, and if it has the right to direct the use of the asset. If these criteria are met, then the Group recognises a lease liability and a Right of Use asset. The lease liability is measured as a discounted present value of future cash flows under the lease, and it will increase as a result of interest charges to be accrued during the term of the lease. The lease liability will be reduced by actual lease payments.
The Right of Use asset is depreciated over the life time of the lease on a straight line basis.

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right of Use assets recognised on the adoption of the standard are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all existing leases. The Group has tested its Right of Use assets for impairment on the date of transition and has concluded that there was no indication that the Right of Use assets were impaired. The Group did not recognise Right of Use assets and liabilities for leases of low value assets.

3 Standards, interpretations and amendments to published standards (continued)

The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 17 Insurance Contracts (effective 1 January 2023).
- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (effective date 1 January 2021).
- Annual Improvements to IFRS Standards 2018-2020 (effective 1 January 2022).
- Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract (effective 1 January 2022).
- Amendments to IAS 16: Property, Plant and Equipment - Proceeds before Intended Use (effective 1 January 2022).
- Amendments to References to the Conceptual Framework in IFRS 3 (effective 1 January 2022).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current (effective 1 January 2023).

4 Profit for the year

Profit for the year has been arrived at after charging:		Group	
	Note	**Year ended 2020 €'000**	**Year ended 2019 €'000**
Net foreign exchange losses		233	479
Depreciation of property, plant and equipment	14	9,661	20,701
Amortisation of intangible asset	13	3,342	5,000
Impairment of property, plant and equipment	14	1,007	23,192
Loss on disposal of property, plant and equipment	7	2,702	5
Loss on disposal of Group entity	7	-	10,295
Staff costs	6	113,968	130,019
		130,913	189,691

5 Auditor's remuneration

	Year ended 2020 €'000	**Year ended 2019 €'000**
Fees payable to the Company's auditor and its associates for the audit of the Company and consolidated annual accounts, and audit related assurance services	931	900
Fees payable to the Company's auditor and their associates for other services to the Group		
– The audit of the Company's subsidiaries	62	67
Total audit fees	993	967
- Taxation compliance, other taxation services and other assurance services	29	169
Total non-audit fees	29	169

6 Staff costs

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

	Group	
	2020 Number	**2019 Number**
Group employees	471	452

Their aggregate remuneration comprised:

	Year ended 2020 €'000	**Year ended 2019 €'000**
Wages and salaries	96,098	110,589
Social security costs	14,111	15,734
Other pension costs	3,759	3,696
	113,968	130,019

The Group operates a defined contribution group personal pension scheme available to its employees. Contributions are recognised as employee benefit expense when they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The amount recognised as an expense for defined contribution plans in 2020 was €3,759k (2019: €3,696k).

Remuneration of directors and key management personnel

The remuneration of the directors, who are the key management personnel of the Company, is set out below in aggregate for each of the relevant categories specified in IAS 24 Related Party Disclosures. The amounts disclosed below represent those in relation to the directors who received remuneration in respect of services to the Company along with a pro-forma allocation relating to the other members of the Board in relation to the services provided as part of their role as directors.

	2020 €'000	**2019 €'000**
Salaries, fees, bonuses and benefits in kind	1,070	2,900
	1,070	2,900

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 €'000	**2019 €'000**
Salaries, fees, bonuses and benefits in kind	858	2,900
	858	2,900

EDF Trading Limited
Notes to the financial statements
For the year ended 31 December 2020

7 Other losses

	Group Year ended 2020 €'000	Year ended 2019 €'000
Loss on disposal of Group entity	-	10,295
Loss on disposal of assets	2,702	5
Loss on foreign currency exchange	233	479
	2,935	10,779

During 2019 the Company disposed of its entire investment in the former subsidiary EDFT Australia Pty Limited. The above loss on disposal of a Group entity represented the difference between fair value of the consideration received, net value of derecognised assets and liabilities, and the value of equity reserves recycled through the profit and loss account on the sale of the entity.

8 Investment revenue

	Group Year ended 2020 €'000	Year ended 2019 €'000
Bank deposits	30	92
Interest received on margin calls and collateral	873	2,025
Credit facility and similar fees paid by EDF Group companies	7,138	8,627
Change in fair value of a credit derivative (refer note 23)	1,058	1,291
Total investment revenue	9,099	12,035

9 Finance costs

	Group Year ended 2020 €'000	Year ended 2019 €'000
Interest on bank overdrafts and loans	511	816
Interest charged by EDF Group companies	8,046	25,996
Bank charges and other	4,216	4,325
Interest paid on margin calls and collateral	2,962	3,193
Interest expense accrued on lease liabilitities	1,337	1,788
Total finance costs	17,072	36,118

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

10 Parent company profit and loss

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year amounted to €453,369k (2019: €405,003k).

EDF Trading Limited
Notes to the financial statements
For the year ended 31 December 2020

11 Taxation

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

	Group	
	Year ended 2020 €'000	**Year ended 2019 €'000**
Corporation tax:		
Current year charge	(102,533)	(121,006)
Adjustments in respect of prior years	328	7,868
	(102,205)	(113,138)
Deferred tax:		
Current year charge	2,842	1,839
Adjustments in respect of prior years	2,536	557
	5,378	2,396
	(96,827)	(110,742)

Corporation tax is calculated at 19% (2019: 19%) of the estimated taxable profit for the year.

On 22 July 2020, the Finance Act 2020 received Royal Assent enacting the UK corporation tax rate would remain at 19% from 1 April 2020 onward instead of reducing to 17%, the previously enacted rate. Deferred tax has been calculated on this basis.

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

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

	Group	
	Year ended 2020 €'000	**Year ended 2019 €'000**
Profit for the year	450,533	611,969
Excluding share of profit of associates for the year	(41,523)	(164,711)
Adding back taxation charges	96,827	110,742
Profit before taxation	505,837	558,000
Tax at the UK corporation tax rate of 19% (2019: 19%)	(96,109)	(106,020)
Prior year adjustment	2,864	8,425
Tax effect of expenses/income that are not deductible/taxable in determining taxable profit	1,861	(1,567)
Gain on disposal of investment	-	140
Effect of different tax rates of subsidiaries operating in other jurisdictions	(7,217)	(10,428)
Effect of change in tax rate	1,774	(662)
Unrecognised deferred tax	-	(2,485)
Hedging amounts taken to reserves	-	1,855
Tax expense for the year	(96,827)	(110,742)

11 Taxation (continued)

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

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

	Group	
	Year Ended 2020	**Year Ended 2019**
Deferred tax:	**€'000**	**€'000**
Items that may be reclassified subsequently to profit or loss:		
Gains on cash flow hedges	480	(608)
Total income tax recognised in other comprehensive income	480	(608)

12 Dividends

	Company	
	Year ended 2020	**Year ended 2019**
	€'000	**€'000**
Amounts recognised as distributions to equity holders in the period:		
Total dividend	612,000	485,000
Dividend per share (in €)	7.56	5.99

13 Intangible assets

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group verifies whether its previous assumptions about useful economic life, residual value and amortisation methods of its tangible and intangible assets are still adequate. The Group reviews the carrying amounts of its tangible (see note 14) and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

Group and Company	**Market access rights €'000**
Cost	
At 1 January 2019	15,000
Additions during the year	-
At 31 December 2019	15,000
Additions during the year	-
At 31 December 2020	15,000
Accumulated amortisation	
At 1 January 2019	(6,658)
Charge for the year	(5,000)
At 31 December 2019	(11,658)
Charge for the year	(3,342)
At 31 December 2020	(15,000)
Carrying amount	
At 31 December 2020	-
At 31 December 2019	3,342
At 1 January 2019	8,342

The Company holds an intangible asset arising from its exclusive market access agreement with a fellow EDF Group entity. The asset has been amortised over the estimated useful life of 3 years from the purchase date.

14 Property, plant and equipment

Property, plant and equipment

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

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

Computer equipment	3 years
Furniture and fittings	4 years
Communication equipment	4 years
Land, buildings and leasehold improvements	4 years
Right of Use assets	Relevant lease term
Mining resources	20 years
Vessels	10-15 years

Vessels are stated at cost and depreciation is recognised so as to write off the cost or valuation of assets less their residual values, using the straight-line method.

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 was made for any impairment.

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

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

Impairment losses on property, plant and equipment are assessed as detailed in note 13 and included in the other operating expenses line in profit or loss.

No borrowing costs incurred in 2019 or 2020 were directly attributable to the acquisition, construction or production of tangible assets for either the Group or Company and hence all borrowing costs were expensed as incurred.

The right-of-use assets are depreciated over their useful lives determined individually based on the terms of the lease agreement.

14 Property, plant and equipment (continued)

Group	Computer and communi-cation equipment €'000	Furniture and fittings €'000	Land and buildings €'000	Right of Use assets €'000	Mining resources €'000	Vessels €'000	Total €'000
Cost							
At 1 January 2019	51,189	5,407	12,475	-	190,837	77,540	337,448
Additions / Initial recognition *	4,625	115	5	43,291	3,694	-	51,730
Disposals	(7,257)	-	-	-		-	(7,257)
Disposal of subsidiary	-	-	-	-	(198,042)	-	(198,042)
Exchange adjustments	-	-	-	-	3,511	1,765	5,276
At 31 December 2019	48,557	5,522	12,480	43,291	-	79,305	189,155
Additions	3,993	337	157	115	-	-	4,602
Disposals	-	-	-	(13,512)	-	(34,992)	(48,504)
Disposal of subsidiary	-	-	-	-	-	-	-
Exchange adjustments	-	-	-	-	-	(4,799)	(4,799)
At 31 December 2020	52,550	5,859	12,637	29,894	-	39,514	140,454
Accumulated depreciation and impairment							
At 1 January 2019	(39,134)	(5,170)	(11,695)	-	(116,481)	(49,858)	(222,338)
Charge for the year	(6,025)	(148)	(455)	(10,024)	(1,270)	(2,779)	(20,701)
Impairment charge	-	-	-	-	(20,299)	(2,893)	(23,192)
Disposals	7,257	-	-	-	140,135	-	147,392
Exchange adjustments	-	-	-	-	(2,085)	(1,123)	(3,208)
At 31 December 2019	(37,902)	(5,318)	(12,150)	(10,024)	-	(56,653)	(122,047)
Charge for the year	(5,002)	(155)	(320)	(2,347)	-	(1,837)	(9,661)
Impairment charge	-	-	-	-	-	(1,007)	(1,007)
Disposals	-	-	-	7,570	-	24,937	32,507
Exchange adjustments	-	-	-	-	-	3,631	3,631
At 31 December 2020	(42,904)	(5,473)	(12,470)	(4,801)	-	(30,929)	(96,577)
Carrying amount							
At 31 December 2020	9,646	386	167	25,093	-	8,585	43,877
At 31 December 2019	10,655	204	330	33,267	-	22,652	67,108
At 1 January 2019	12,055	237	780	-	74,356	27,682	115,110

* - initial recognition comprises assets acquired in the period and the existing right-of-use assets recognised for the first time on adoption of IFRS16.

Impairment losses and reversals recognised in the year

The impairment charge recognised during 2019 related mainly to the coal mine in Australia. The coal mine was impaired to its fair value less cost to sell, based on an anticipated sale price; the charge also included an impairment of the vessels Cape Amanda and Cape Agnes. The valuation was based on Cape Amanda's fair value less cost to sell and Cape Agnes's value in use. Valuations of the vessels and the coal mine are classified as Level 3 in the IFRS 13 fair value hierarchy. The impairment in 2020 related to Cape Amanda, based on fair value less cost to sell.

Sensitivity analysis

A decrease in the fair value of the vessel Cape Amanda of 10% would result in an impairment charge of €0.8m. The recoverable amount of the vessel is based on its fair value less costs to sell, as this is higher than its value in use based on the present value of its future cash flows. It has therefore not been deemed necessary to perform a sensitivity analysis in relation to the latter. As disclosed in note 30, Cape Amanda was sold following the year end.

The vessel Cape Agnes was disposed of during the year therefore no further sensitivity analysis has been carried out.

EDF Trading Limited
Notes to the financial statements
For the year ended 31 December 2020

14 Property, plant and equipment (continued)

Company	Computer and communication equipment €'000	Furniture and fittings €'000	Right of Use assets €'000	Leasehold improvements €'000	Total €'000
Cost					
At 1 January 2019	49,310	4,873	-	11,965	66,148
Initial recognition	-	-	42,490	-	42,490
Additions	4,687	-	-	-	4,687
Disposals	(7,257)	-	-	-	(7,257)
At 31 December 2019	46,740	4,873	42,490	11,965	106,068
Initial recognition	-	-	-	-	-
Additions	3,706	337	-	156	4,199
Disposals	-	-	(13,512)	-	(13,512)
At 31 December 2020	50,446	5,210	28,978	12,121	96,755
Accumulated depreciation					
At 1 January 2019	(37,583)	(4,641)	-	(11,207)	(53,431)
Charge for the year	(5,924)	(122)	(9,864)	(445)	(16,355)
Disposals	7,257	-	-	-	7,257
At 31 December 2019	(36,250)	(4,763)	(9,864)	(11,652)	(62,529)
Charge for the year	(4,887)	(141)	(2,164)	(315)	(7,507)
Disposals	-	-	7,570	-	7,570
At 31 December 2020	(41,137)	(4,904)	(4,458)	(11,967)	(62,466)
Carrying amount					
At 31 December 2020	9,309	306	24,520	154	34,289
At 31 December 2019	10,490	110	32,626	313	43,539
At 1 January 2019	11,727	232	-	758	12,717

15 Investment in subsidiaries

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

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

Name of subsidiary	Principal activity	Place of incorporation and operation	Share class	Holding	
				At 31 December 2020	At 31 December 2019
Cardinal Shipping Limited	Vessel ownership	80 Victoria Street, Cardinal Place, London, SW1E 5JL United Kingdom	Ordinary	100%	100%
EDF Trading (Switzerland) AG	Power trading	Entfelderstrasse 5, 5000 Aarau, Switzerland	Ordinary	100%	100%
EDF Trading Bioenergy Limited	Holding company	80 Victoria Street, Cardinal Place, London, SW1E 5JL United Kingdom	Ordinary	100%	100%
EDF Trading Markets (Ireland) Limited	Arranger on behalf of the Company	9 Clanwilliam Terrace, Dublin, Ireland	Ordinary	100%	100%
EDF Trading Electricidad y Gas, S.L.	Not trading	17 Ronda Sant Pere, Barcelona, Spain	Ordinary	100%	100%
EDF Trading Markets Limited	Arranger on behalf of the Company	80 Victoria Street, Cardinal Place, London, SW1E 5JL United Kingdom	Ordinary	100%	100%
EDF Trading Singapore Pte. Limited	Marketeer on behalf of the Company	37-61, Tower 2, One Raffles Place, Singapore	Ordinary	100%	100%
EDF Trading Japan KK	Not trading	11-22, Minami-Azabu, Minato-ku, Tokyo, Japan	Ordinary	100%	100%

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

Movements in investments in subsidiaries for the Company:	Company	
	2020	**2019**
	€'000	**€'000**
Balance at 1 January	41,783	119,912
Additions	-	2,400
Disposals during the year	-	(80,529)
	41,783	41,783

During 2019 the Company disposed of its entire investment in the former subsidiary EDFT Australia Pty. All assets and liabilities held by the former subsidiary were derecognised from the Group's statement of financial position. The loss on the disposal was recognised in Other Losses, as disclosed in note 7.

16 Investment in associates, joint operations and joint ventures

Details of material joint operations

Name of joint operation	Principal activity	Place of incorporation and operation	Share class	Proportion of ownership interest / voting rights held by the Group	
				At 31 December 2020	At 31 December 2019
Westminster Shipping Limited	Vessel ownership	80 Victoria Street, Cardinal Place, London, SW1E 5JL United Kingdom	Ordinary	50%	50%

16 Investment in associates, joint operations and joint ventures (continued)

Westminster Shipping Ltd is jointly controlled by the Company and Mitsubishi Corporation, an entity incorporated in Japan. The Group's share of assets, liabilities, revenues and expenses is incorporated into these accounts on the line by line basis.

Details of material associates and joint ventures

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

For all associates and joint ventures shown below, the ownership interest is held through Ordinary shares or local equivalents.

Name of associate / joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest / voting rights held by the Group (†)	
			2020	**2019**
ENAG Energiefinanzierungs A.G. *	Power trading	6 Gotthardstrasse, Ibach, Switzerland	29.4%	16.0%
EDF Inc. **	Holding company	5404 Wisconsin Av, Chevy Chase, MD, United States	17.5%	17.5%
JERA Global Markets Pte	Coal and LNG Trading	37-61, Tower 2, One Raffles Place, Singapore	33.3%	33.3%

All of the above associates are accounted for using the equity method in these consolidated financial statements, as set out in the Group's accounting policies as per note 2. On 1 April 2019 JERA Trading Pte, previously reported as the Group's associate, changed its name to JERA Global Markets Pte, and has been reclassfied as a joint venture due to new terms of the agreement between shareholders.

* Significant influence is exercised over ENAG whereby all partners have Board representations. During 2020 the share of ownership increased to 29.4% as detailed on the following page, this increase in shareholding does not impact on the classification as an associate.

** Significant influence is exercised over EDF Inc., through Board representation, and EDF S.A. owns the remaining shareholdings.

† For all associates and joint ventures, the ownership interest is held through Ordinary shares or local equivalents.

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

	JERA GM Pte		**EDF Inc.**		**ENAG Energiefinanzierungs**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Ownership percentage	33.3%	33.3%	17.5%	17.5%	29.4%	16.0%
Net assets	1,319,751	1,082,856	3,979,675	5,032,390	57,286	112,009
Equity attributable to owners of the Company	1,319,751	1,082,856	3,979,675	5,032,390	57,286	112,009
Total comprehensive income	339,001	267,620	(552,374)	417,174	376	503

EDF Trading Limited
Notes to the financial statements
For the year ended 31 December 2020

16 Investment in associates, joint operations and joint ventures (continued)

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

	Total	
	2020	**2019**
	€'000	**€'000**
Ownership percentage		
Carrying amount of the Group's interest in Associates:		
At 1 January	1,240,528	832,052
Additions	12,365	-
Capital redemption	(13,567)	-
Capital injection	-	252,697
Share of retained profits	29,140	194,242
Share of movements in reserves	(963)	(18,309)
Profit distribution	(13,962)	(12,891)
FX variances	(112,560)	(7,263)
At 31 December	1,140,981	1,240,528

Carrying amount of the Company's interest in Associates:

	Total	Total
	2020	**2019**
	€'000	**€'000**
At 1 January	968,552	715,855
Additions	12,365	252,697
Impairment	(73,433)	-
At 31 December	907,484	968,552

Company interest in Associates are held at cost less impairment. During 2020 these have been impaired in line with the underlying net assets within the associates.

17 Inventories

Inventory represents commodities held for trading purposes and are held at fair value (being Level 2 in the IFRS 13 fair value hierarchy). Movements in the fair value of inventory are recognised in profit or loss. The cost of inventory held is €97,651k (2019: €52,110k) for the Group and €90,192k (2019: €52,110k) for the Company.

	Group		Company	
	2020	**2019**	**2020**	**2019**
	€'000	**€'000**	**€'000**	**€'000**
Emissions trading allowances	62,959	86	62,959	86
Gas & other stock	99,348	44,180	81,924	44,180
	162,307	44,266	144,883	44,266

18 Cash and cash equivalents

	Group		Company	
	2020	**2019**	**2020**	**2019**
	€'000	**€'000**	**€'000**	**€'000**
Cash	79,543	73,903	25,971	30,147
Cash pool agreements	1,576,660	1,629,020	1,576,660	1,629,020
Cash and cash equivalents	1,656,203	1,702,923	1,602,631	1,659,167

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

The Company participates in a cash management program with Électricité de France, whereby the Company agrees to pool surplus liquidity with Électricité de France. The purpose of the cash pooling arrangement is to allow for the optimal management of credit and investment of cash surpluses between the Company and Électricité de France. The terms of the agreement are similar to a typical bank account in that the Company retains control of the funds and the centralising company (Électricité de France) shall not interfere with the Company's payment instructions and is responsible for ensuring that the funds are available as and when required by the Company. The Company earns interest on funds held in the cash pool at market rates.

19 Trade and other receivables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	€'000	**€'000**	**€'000**	**€'000**
Third party trade receivables	1,343,266	1,551,989	1,211,549	1,485,682
Amounts receivable from EDF Group companies	767,940	862,180	694,130	741,347
Amounts receivable from EDFT Group companies	-	-	300,837	160,424
	767,940	862,180	994,967	901,771
Other third party receivables	412,162	416,932	405,762	415,064
Total current trade and other receivables	2,523,368	2,831,101	2,612,278	2,802,517
Non-current trade and other receivables	174,303	194,566	174,303	194,566

The group utilises collateral and margining accounts to minimise counterparty credit risk. Within third party trade receivables and other third party receivables is €554 million (2019: €371 million) of collateral and bilateral margin.

Of the third party receivables disclosed within note 19 and the derivative assets in note 23, €216 million was collateralised under bilateral margin agreements. The remaining €338 million represents initial margin posted to clearing managers to facilitate trading on exchange.

The third party recoverability risk noted above has been further mitigated by letter of credit arrangements which are not recognised on the balance sheet. The value of the letters of credit in place from counterparties at the year end was €286 million (2019: €66 million). Both cash and letter of credit are eligible forms of collateral as prescribed by the credit support annexes to the underlying trading contracts.

All trade receivables are measured at fair value through profit and loss, classified at Level 2 in the IFRS 13 fair value hierarchy.

The total third party trade receivables overdue at the end of the year, gross of the credit valuation adjustment, was as follows:

	Group	
	2020	**2019**
	€'000	**€'000**
less than 30 days	3,571	7,084
between 31 and 90 days	15	174
more than 90 days	232	-
Total	3,818	7,258

20 Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
Third party trade payables	1,282,008	1,828,902	1,160,265	1,777,300
Amount owed to EDFT Group companies	-	-	245,592	69,250
Amount owed to EDF Group companies	1,180,210	1,277,729	1,179,025	1,274,813
Accruals and other payables	173,324	377,375	172,583	376,286
Employee liabilities	129,282	125,538	126,032	122,347
Total current trade and other payables	2,764,824	3,609,544	2,883,497	3,619,996
Non-current trade and other payables	6,943	18,262	4,088	15,882

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. Trade payables are measured at fair value through profit and loss, and they are included in Level 2 in the fair value hierarchy. The majority of trade and other payables are all due to be settled within one month of the year end. The maturity of non-current third party trade and other payables is as follows:

	Group		Company	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
2-5 years	6,943	18,262	4,088	15,882
Over 5 years	-	-	-	-
Total	6,943	18,262	4,088	15,882

21 Loans and receivables

	Group		Company	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
Loans to ENAG Energiefinanzierungs A.G.	10,408	13,057	-	-
Season ticket loans	13	123	13	123
	10,421	13,180	13	123

Advances related to staff's season ticket loans are current and interest free. The loan to ENAG is interest free and is repayable on demand. The 12 months expected credit loss on this loan is immaterial.

The company monitors each loan individually in the context of identifiable risks to the future performance of the loan. The analysis (at each reporting date) of the risk of default is "case by case", taking into account mainly counterparty, their credit rating, country, regulatory risk and any other relevant factors. The company would consider that credit risk increases when contractual payments are more than 60 days past due. Loans and receivables are measured at fair value through profit and loss, and they are included in Level 2 in the fair value hierarchy.

22 Borrowings

	Group		Company	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
Unsecured borrowing at amortised cost				
Lease liabilities	30,882	39,266	30,345	38,510
Bank and shareholder loans *	2,710	7,085	-	-
	33,592	46,351	30,345	38,510

* The shareholder loans are repayable by 2027 with interest payable at monthly TIBOR + 0.5%. In 2019 the bank loans were repayable in 2020.

22 Borrowings (continued)

	Group		Company	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
Within 1 year	2,710	1,180	-	-
2-5 years	-	5,905	-	-
Over 5 years	-	-	-	-
Total	2,710	7,085	-	-

The maturity profile of lease liabilities is analysed in the note 28 *Commitments and contingencies* .

Borrowings are measured at fair value through profit and loss, and they are included in Level 2 in the fair value hierarchy.

23 Derivative financial instruments

Forward commodity contracts and derivative financial instruments
The Group enters into derivative financial instruments for trading purposes, such as futures, swaps, options, and forward contracts which are physically settled instruments for delivery in the future. The Group does not classify any of these contracts as “own-use”.

Derivative financial instruments are measured by reference to market prices at the year-end. 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 Trading Income in Profit or Loss account unless the derivative is designated and effective as a hedging instrument. If this is the case, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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

Derivative financial assets

	Group		Company	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
Energy commodity contracts	6,158,520	8,629,440	6,154,889	8,640,921
Forward foreign exchange contracts	322,946	330,648	322,877	330,648
Interest rate swaps	2,765	6,129	2,765	6,129
	6,484,231	8,966,217	6,480,531	8,977,698

Derivative financial liabilities

	Group		Company	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
Energy commodity contracts	6,294,095	8,111,685	6,279,041	8,129,052
Forward foreign exchange contracts	294,055	262,063	294,055	262,063
Interest rate swaps	46,923	37,355	46,923	37,355
Credit derivatives	239	1,297	239	1,297
	6,635,312	8,412,400	6,620,258	8,429,767

Credit derivatives
Credit derivatives include company guarantees issued by the Company to trading counterparts of EDF Trading North America LLC, a wholly owned subsidiary of a 17.5% associate of the Group, in order to support its commercial development in the USA in the normal course of business. As the underlying contract to which the guarantees relate is not a debt instrument but a commodity contract, the guarantees do not meet the definition of a financial guarantee contract under IFRS, therefore the guarantees are accounted for as a credit derivative.

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

23 Derivative financial instruments (continued)

The fair value of the company guarantees is calculated by applying the credit spread between the Company and EDF Trading North America LLC to the capped liability, which is the lower of the fair value of the underlying trading positions guaranteed and the notional value of the company guarantee. As at 31 December 2020 the capped liability was €199m (2019: €222m), resulting in the recognition of a credit derivative on the balance sheet of €0.2m (2019: €1.3m).

Fair value measurements

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

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

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

· Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability, which are not based on observable market data. These unobservable inputs include assumptions based on historical data, including cross commodity and time spread correlations. These inputs are used with pricing models based on industry standards, tailored to EDFT products, which result in management's best estimate of fair value on a NPV basis. Level 3 instruments are typically structured or individually tailored derivatives.

Fair value measurements recognised in the statement of financial position

		2020		
Group	**Level 1**	**Level 2**	**Level 3**	**Total**
	€'000	**€'000**	**€'000**	**€'000**
Financial assets at FVTPL				
Energy commodity contracts	262,969	5,092,106	803,445	6,158,520
Forward foreign exchange contracts	-	322,946	-	322,946
Interest rate swaps	-	2,765	-	2,765
Total	262,969	5,417,817	803,445	6,484,231
Financial liabilities at FVTPL				
Energy commodity contracts	268,758	5,885,021	140,316	6,294,095
Forward foreign exchange contracts	-	294,055	-	294,055
Interest rate swaps	-	46,923	-	46,923
Credit derivatives	-	-	239	239
Total	268,758	6,225,999	140,555	6,635,312

		2019		
Group	**Level 1**	**Level 2**	**Level 3**	**Total**
	€'000	**€'000**	**€'000**	**€'000**
Financial assets at FVTPL				
Energy commodity contracts	63,858	7,834,481	731,101	8,629,440
Forward foreign exchange contracts	-	330,648	-	330,648
Interest rate swaps	-	6,129	-	6,129
Total	63,858	8,171,258	731,101	8,966,217
Financial liabilities at FVTPL				
Energy commodity contracts	60,155	7,795,449	256,081	8,111,685
Forward foreign exchange contracts	-	262,063	-	262,063
Interest rate swaps	-	37,355	-	37,355
Credit derivatives	-	-	1,297	1,297
Total	60,155	8,094,867	257,378	8,412,400

23 Derivative financial instruments (continued)

Company	Level 1	Level 2	Level 3	Total
	2020			
	€'000	€'000	€'000	€'000
Financial assets at FVTPL				
Energy commodity contracts	262,814	5,117,714	774,361	6,154,889
Forward foreign exchange contracts	-	322,877	-	322,877
Interest rate swaps	-	2,765	-	2,765
Total	262,814	5,443,356	774,361	6,480,531
Financial liabilities at FVTPL				
Energy commodity contracts	268,115	5,870,610	140,316	6,279,041
Forward foreign exchange contracts	-	294,055	-	294,055
Interest rate swaps	-	46,923	-	46,923
Credit derivatives	-	-	239	239
Total	268,115	6,211,588	140,555	6,620,258

Company	Level 1	Level 2	Level 3	Total
	2019			
	€'000	€'000	€'000	€'000
Financial assets at FVTPL				
Energy commodity contracts	63,943	7,845,877	731,101	8,640,921
Forward foreign exchange contracts	-	330,648	-	330,648
Interest rate swaps	-	6,129	-	6,129
Total	63,943	8,182,654	731,101	8,977,698
Financial liabilities at FVTPL				
Energy commodity contracts	60,155	7,812,816	256,081	8,129,052
Forward foreign exchange contracts	-	262,063	-	262,063
Interest rate swaps	-	37,355	-	37,355
Credit derivatives	-	-	1,297	1,297
Total	60,155	8,112,234	257,378	8,429,767

Schedule of movements in the level 3 of the fair value hierarchy

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

	Group	Company
	€'000	€'000
At 1 January 2019	661,719	661,719
New financial instruments	259,402	259,402
Matured financial instruments	(382,855)	(382,855)
Movements in fair value of existing financial instruments	(64,543)	(64,543)
At 31 December 2019	473,723	473,723
New financial instruments	406,904	401,849
Matured financial instruments	(189,803)	(189,803)
Movements in fair value of existing financial instruments	(27,934)	(51,963)
At 31 December 2020	662,890	633,806

23 Derivative financial instruments (continued)

The following table shows the valuation techniques used for Level 2 and Level 3 fair values, as well as the significant unobservable inputs used for Level 3 financial instruments.

Valuation instruments at FV	Valuation technique
Energy commodity contracts	Derivatives are recorded at fair value, which is based on EDFT's commercial view of market levels. These may include reference to external sources or recent comparable transactions.
Forward foreign exchange contracts	Forward foreign exchange contracts are recorded at fair value, based on quoted prices and market data available from external sources.
Interest rate swaps	Interest rate swaps are recorded at fair value, based on quoted prices and market data available from external sources.
Credit derivatives	Not applicable

Valuation instruments at FV	Significant unobservable inputs (Level 3)
Energy commodity contracts	Unobservable inputs, such as cross-commodity correlations, time-spread correlations and forward volatilities are based on internal models taken on a deal by deal basis.
Forward foreign exchange contracts	Not applicable
Interest rate swaps	Not applicable
Credit derivatives	Credit spread

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and forward commodity contracts.

The Group monitors concentrations of credit risk by geographic location. An analysis of credit risk concentrations for Trade and other receivables, Derivative financial assets and Loans and receivables is shown below.

Group	Trade and other receivables		Derivative financial assets		Loans and receivables	
	2020	2019	2020	2019	2020	2019
	€'000	€'000	€'000	€'000	€'000	€'000
Carrying amount	2,697,671	3,025,667	6,484,231	8,966,217	10,421	13,180
Concentration by location						
Europe	1,348,120	1,954,963	5,944,608	8,450,483	10,421	13,180
North America	655,359	342,809	2,382	3,583	-	-
Asia	503,454	586,583	536,056	512,131	-	-
Africa	67,934	80,597	-	-	-	-
Other	122,804	60,715	1,185	20	-	-
	2,697,671	3,025,667	6,484,231	8,966,217	10,421	13,180

23 Derivative financial instruments (continued)

Credit Risk (continued)

Company	Trade and other receivables		Derivative financial assets		Loans and receivables	
	2020	2019	2020	2019	2020	2019
	€'000	€'000	€'000	€'000	€'000	€'000
Carrying amount	2,786,581	2,997,083	6,480,531	8,977,698	13	123
Concentration by location						
Europe	1,437,030	1,926,379	5,940,908	8,461,964	13	123
North America	655,359	342,809	2,382	3,583	-	-
Asia	503,454	586,583	536,056	512,131	-	-
Africa	67,934	80,597	-	-	-	-
Other	122,804	60,715	1,185	20	-	-
	2,786,581	2,997,083	6,480,531	8,977,698	13	123

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Market Risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will not directly impact hedge accounting as the reforms are expected to only impact unhedged instruments. The risks around the reform and any changes to the IBORs are being reviewed and managed with regards to the applicable interest rate swaps and margin rate agreements that they are expected to impact.

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 pound sterling (UK power and gas) and US dollars (other commodities). 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.

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.

23 Derivative financial instruments (continued)

Movements in the deferred day one gains or losses reserve

The impact on the fair value of instruments classified as Level 3 of varying the unobservable parameters as at 31 December 2020 and 31 December 2019 is immaterial.

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

	Group	Company
	€'000	€'000
At 1 January 2019	39,980	39,980
New contracts	7,862	7,862
Contracts realised	(11,371)	(11,371)
Reserves released due to sale of contracts to an associate	(18,656)	(18,656)
At 31 December 2019	17,815	17,815
New contracts	17,436	17,436
Contracts realised	(14,222)	(14,222)
At 31 December 2020	21,029	21,029

Sensitivity Analysis
The following table shows the sensitivity of fair values to reasonably possible alternative assumptions as at 31 December 2020:

	Reflected in profit or loss			
	Favourable change	Unfavourable change	Favourable change	Unfavourable change
	2020	2020	2019	2019
Market prices	€'000	€'000	€'000	€'000
Energy commodity contracts	36,500	(29,877)	25,639	(26,426)

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

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

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

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

23 Derivative financial instruments (continued)

Offsetting financial assets and financial liabilities

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

Group	Gross amounts €'000	Amounts offset €'000	Net amounts €'000
2020			
Derivative financial assets	9,844,789	3,360,558	6,484,231
Derivative financial liabilities	9,995,870	3,360,558	6,635,312
Trade and other receivables	8,059,258	5,361,587	2,697,671
Trade and other payables	8,133,354	5,361,587	2,771,767
2019			
Derivative financial assets	13,272,244	4,306,027	8,966,217
Derivative financial liabilities	12,718,427	4,306,027	8,412,400
Trade and other receivables	9,501,232	6,475,565	3,025,667
Trade and other payables	10,103,371	6,475,565	3,627,806

Company	Gross amounts €'000	Amounts offset €'000	Net amounts €'000
2020			
Derivative financial assets	9,841,089	3,360,558	6,480,531
Derivative financial liabilities	9,980,816	3,360,558	6,620,258
Trade and other receivables	8,144,023	5,357,442	2,786,581
Trade and other payables	8,245,027	5,357,442	2,887,585
2019			
Derivative financial assets	13,283,725	4,306,027	8,977,698
Derivative financial liabilities	12,735,794	4,306,027	8,429,767
Trade and other receivables	9,470,622	6,473,539	2,997,083
Trade and other payables	10,109,417	6,473,539	3,635,878

23 Derivative financial instruments (continued)

Hedge accounting

The Group has adopted the hedge accounting model under IFRS 9. The Group maintains the hedge documentation compliant with IFRS 9.

The Group designates certain hedging instruments as either 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 effective in offsetting changes in fair values or cash flows of hedged items.

Cash flow hedges

The Group designates certain forward foreign exchange contracts as cash flow hedges of non euro expenditures.

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

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

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income; the gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

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

Hedging contracts valuation at the balance sheet date

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

	Group		Company	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
Cash flow hedges	1,178	3,781	1,178	3,781
Hedges of net investments in foreign operations	50,929	556	50,929	556
	52,107	4,337	52,107	4,337

As at 31 December 2020, the aggregate amount of losses under forward foreign exchange contracts deferred in the cash flow hedging reserve relating to these anticipated future transactions is €1,336k (2019: losses of €3,459k). It is anticipated that the transactions will take place during the next financial year at which time the amount deferred in equity will be included in the income statement.

As at 31 December 2020, all hedges were effective (in 2019 all hedges were effective).

As at 31 December 2020, all balance sheet position reported as hedges of net investments in foreign operations were foreign exchange contracts linked predominantly to US Dollars, except an asset of €0.3m linked to Swiss Francs (2019: liability of €0.6m).

24 Deferred tax

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

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

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

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

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

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

At the balance sheet date, the Group has unused tax losses of €0.1 million (2019: €4.0 million) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses (2019: €4 million).

No deferred tax liability is recognised on temporary differences of €14 million (2019: €17 million) relating to the unremitted earnings of overseas subsidiaries, as the Group is able to control the timings of the reversal of these temporary differences, and it is probable that they will not reverse in the foreseeable future. Temporary differences arising in connection with interests in associates are insignificant.

EDF Trading Limited
Notes to the financial statements
For the year ended 31 December 2020

24 Deferred tax (continued)

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

Group	Accelerated tax depreciation	Timing differences on accruals	Timing differences on income recognition	Hedges	Other	Tax losses	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2019	(1,108)	(10,298)	(367)	35	156	(728)	(12,310)
Charge/(credit) to profit or loss	(920)	(2,545)	342	608	(157)	206	(2,466)
Charge direct to equity	-	-	-	-	-	-	-
Exchange differences	14	-	(6)	-	-	(25)	(17)
Effect of change in tax rate:							
– income statement	144	572	-	-	-	(36)	680
– equity	-	-	-	-	-	-	-
At 31 December 2019	(1,870)	(12,271)	(31)	643	(1)	(583)	(14,113)
Charge/(credit) to profit or loss	(1,586)	(2,648)	(144)	-	(1)	685	(3,694)
Charge/(credit) direct to equity	-	-	-	(480)	-	-	(480)
Exchange differences	139	-	-	-	-	(2)	137
Effect of change in tax rate:							
– income statement	(218)	(1,372)	-	-	2	(100)	(1,688)
– equity	-	-	-	-	-	-	-
At 31 December 2020	(3,535)	(16,291)	(175)	163	-	-	(19,838)

Company	Accelerated tax depreciation	Timing differences on accruals	Hedges	Total
	€'000	€'000	€'000	€'000
At 1 January 2019	(1,150)	(9,355)	35	(10,470)
Charge/(credit) to profit or loss	(409)	(2,868)	-	(3,277)
Credit direct to equity	-	-	608	608
Effect of change in tax rate:				
– income statement	43	564	-	607
– equity	-	-	-	-
At 31 December 2019	(1,516)	(11,659)	643	(12,532)
Charge/(credit) to profit or loss	(239)	(2,651)	-	(2,890)
Credit direct to equity	-	-	(480)	(480)
Effect of change in tax rate:				
– income statement	(179)	(1,366)	-	(1,545)
– equity	-	-	-	-
At 31 December 2020	(1,934)	(15,676)	163	(17,447)

24 Deferred tax (continued)

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

	Group		Company	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
Deferred tax liabilities	163	1,287	163	643
Deferred tax assets	(20,001)	(15,400)	(17,610)	(13,175)
	(19,838)	(14,113)	(17,447)	(12,532)

25 Provisions

	Decommissioning	Total
Group	**€'000**	**€'000**
At 1 January 2019	485	485
Additional provision raised in the year	535	535
Disposal of subsidiary	(1,029)	(1,029)
Exchange difference	9	9
At 31 December 2019	-	-
Additional provision raised in the year	-	-
Disposal of subsidiary	-	-
Exchange difference	-	-
At 31 December 2020	-	-
Company		
At 1 January 2019	-	-
Charge in the year	-	-
Utilisation of provision	-	-
At 31 December 2019	-	-
Charge in the year	-	-
Utilisation of provision in the year	-	-
At 31 December 2020	-	-

Decommissioning

During 2019, a provision was recognised for the expected dismantling of equipment and rectification of land used for coal mining and coal storage, the future obligations of the subsidiary disposed of in 2019. The provision assumed that most of these costs would be incurred in approximately 14 years for coal mining and 10 years for coal storage, and it was derecognised on the sale in 2019.

26 Share capital

	2020 €'000	2019 €'000
Authorised, issued and fully paid:		
81 million ordinary shares of €1 each	81,000	81,000

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

27 Hedging and translation reserves

	Group			Company	
	NIFO and Cash Flow Hedging Reserve €'000	Foreign Currency Translation Reserve €'000	Total €'000	NIFO and Cash Flow Hedging Reserve €'000	Total €'000
At 1 January 2019	(130,809)	62,270	(68,539)	(410)	(410)
Exchange differences	-	24,375	24,375	-	-
Cash flow hedge: fair value losses in the year	2,760	-	2,760	2,760	2,760
Cash flow hedge: released from equity to profit or loss	816	-	816	816	816
Tax on fair value gains in year	(608)	-	(608)	(608)	(608)
NIFO hedge: fair value losses in the year	(38,514)	-	(38,514)	-	-
NIFO hedge: released from equity to profit or loss	39,587	-	39,587	-	-
Recycling of FCTR through P&L on disposal of subsidiary	-	(28,950)	(28,950)	-	
At 31 December 2019	(126,768)	57,695	(69,073)	2,558	2,558
Exchange differences	-	(113,127)	(113,127)	-	-
Cash flow hedge: fair value losses in the year	(2,897)	-	(2,897)	(2,897)	(2,897)
Cash flow hedge: released from equity to profit or loss	294	-	294	294	294
Tax on fair value losses in year	480	-	480	480	480
NIFO hedge: fair value gains in the year	74,317	-	74,317	-	-
At 31 December 2020	(54,574)	(55,432)	(110,006)	435	435

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

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

Cash flow hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

28 Commitments and contingencies

	Group		Company	
Lease commitments	**2020**	**2019**	**2020**	**2019**
Lease payments recognised as an expense in the year	1,332	1,111	1,198	961

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which have been recognised as lease liabilities and included in Borrowings. The below schedule presents the maturity analysis of these lease liabilities:

	2020	2020
	€'000	€'000
Due in one year	3,183	3,049
Due in the second to fifth years inclusive	9,508	9,104
After five years	25,043	24,996
Total undiscounted lease liabilities	37,734	37,149
Lease liabilities included in the balance sheet	30,882	30,345
of which: current:	2,610	2,565
non-current:	28,272	27,780

The Group leases office properties, buildings, and a vessel. As these leases are of material value items, the Group recognised right-of-use assets and related lease liabilities for these contracts. The carrying value of the right-of-use assets are included in property, plant and equipment, and the depreciation of right-of-use assets is included in the total depreciation charge (refer to note 14 "Property, plant and equipment"). The income charge on the lease liabilities is included in Finance Cost (as detailed in note 9 "Finance costs").

Bank guarantees and letters of credit

The Group has given bank guarantees and letters of credit to various counterparties in relation to energy trading and transportation activities. No material losses are likely to arise from such commitments. The value of these commitments for the Group at the year end is €1.01b (2019: €1.08b). The Group has committed to providing a credit facility to a related party, EDFT North America, capped at USD 800m (€654m), and to Jera Global Markets, capped at USD 317m (€259m).

29 Related party transactions

Trading transactions

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

	Sales		Purchases	
	2020	**2019**	**2020**	**2019**
Group	**€'000**	**€'000**	**€'000**	**€'000**
EDF Group	10,370,562	9,381,909	10,918,046	10,767,037
Associates	3,576,053	1,049,936	3,687,425	1,070,393
	13,946,615	10,431,845	14,605,471	11,837,430
Company				
EDF Group	10,370,562	9,381,909	10,918,046	10,767,037
Subsidiaries	91,791	87,504	102,613	68,551
Associates	3,552,443	1,046,364	3,658,571	1,037,060
	14,014,796	10,515,777	14,679,230	11,872,648

29 Related party transactions (continued)

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties		Amounts owed to related parties	
	2020	**2019**	**2020**	**2019**
Group	**€'000**	**€'000**	**€'000**	**€'000**
EDF Group	767,940	862,180	1,180,210	1,277,729
Associates	198,444	236,571	18,977	53,980
	966,384	1,098,751	1,199,187	1,331,709
Company				
EDF Group	694,130	741,347	1,179,025	731,946
Subsidiaries	300,837	160,424	245,592	612,117
Associates	195,449	232,543	15,648	53,980
	1,190,416	1,134,314	1,440,265	1,398,043

Sales and traded purchases were made at market price discounted to reflect the quantity of goods and the relationships between the parties. The amounts outstanding are unsecured and will be settled in cash.

Liquidity funding
EDFT's funding facilities are wholly provided by EDF. EDFT also participates in EDF cash pooling and revolving credit facility 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 2020, the Group has total available liquidity of €5.082b (2019: €4.79b). EDFT also has a €60m uncommitted overdraft facility provided by EDF.

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.

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.

Loans to related parties	Group		Company	
	2020	**2019**	**2020**	**2019**
	€'000	**€'000**	**€'000**	**€'000**
Loans to associates	10,408	13,057	-	-
	10,408	13,057	-	-

30 Events after the balance sheet date

In March 2021 Cardinal Shipping Limited, a 100% subsidiary of the Company, sold its 50% share of the vessel Cape Amanda for consideration of €8.4m. The sale resulted in no material gain or loss on disposal.

31 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.