

NORMANTRAIL (UK CO 3) LIMITED
Company Number: 05234591

Annual Report and Financial Statements

For the year ended 31 December 2015



Directors

A W Garner
D G Alcock
R Okinawa
S Ihara

Secretary

R Simpson

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
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United Kingdom
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Bankers

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EC2N 3AS

Registered Office

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Strategic report

The Directors present their Strategic report for the Company for the year ended 31 December 2015.

Principal activity

The principal activity of the Company is that of an investment holding Company. The Company's immediate parent company is IPM (UK) Power Holdings Limited which owns 100% of the ordinary share capital. The Company's ultimate holding company to be ENGIE SA (formerly GDF SUEZ S.A.) which is incorporated in France and is headquartered in Paris, France.

Business review & key performance indicators

The accompanying financial statements have been prepared in accordance with Financial Reporting Standard 101-Reduced Disclosure Framework (FRS 101) for all periods presented. The application of FRS 101 represents a transition from reporting under previous UK GAAP, which was applied in the preparation of last year's financial statements. The Company has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, IPM (UK) Power Holdings Limited, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. There were no material recognition or measurement differences arising on the adoption of FRS 101.

As shown in the Profit and Loss account on page 10, profit before tax for the year ended 31 December 2015 has increased from a loss of £29,203,000 to a profit of £33,458,000 mainly attributed to an exceptional impairment on investments in 2014.

The balance sheet on page 11 of the financial statements shows the Company's financial position at the year end. The net assets have increased from £61,493,000 to £97,342,000 due to the £35,849,000 net profit. No dividend was paid during the year.

The Company was subject to a share capital reduction in 2015 as shown in the balance sheet on page 11 and the statement of changes in equity on page 12. This involved reducing the share premium by £213,000,000 and reclassifying as distributable reserves. This will enable the company to pay up future dividends.

The Directors do not recommend the payment of a final dividend for the year (2014: same).

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are broadly grouped as follows:

Interest rate risk

The Company has interest bearing assets which are loans advanced to group undertakings. The interest bearing assets earn interest at LIBOR plus margin of 4% so the Company is impacted by changes in external interest rates.

Credit risk

Loans made to the Company are exposed to the credit risk of the counterparty. The counterparty is a company within the International Power / Mitsui & Co., Ltd. group. Mitsui & Co are the minority shareholders of the immediate parent company. The credit risk and all other risks are managed by the group.

Events after the end of the reporting period

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

Strategic report (continued)

Future developments

The future objective of the business is to maximise the returns generated from the assets. The Company has no significant future developments to report.

By order of the Board

A handwritten signature in black ink, appearing to read 'D G Alcock', written over a horizontal line.

D G Alcock

Director

27 September 2016

Directors' report

The Directors present their report and the Company's audited financial statements for the year ended 31 December 2015.

In preparing this Directors' report, the Directors have compiled with S414C(11) of the Companies Act 2006 by including certain disclosures required by S416(4) within the strategic report.

Directors

The Directors of the Company who served during the year ended 31 December 2015 and subsequently were:

A W Garner
D G Alcock
I Kajimura (resigned 30 June 2015)
R Okinawa
S Ihara (appointed 1 July 2015)

The company secretaries who held office during the year and subsequent to the year-end were H Berger (resigned 18 February 2016) & R Simpson.

Directors' and officers' liability insurance

The Company has made qualifying third party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force at the date of this report, to indemnify them against certain liabilities which they may incur in their capacity as Directors or officers of the Company, including liabilities in respect of which the Company is itself unable to provide an indemnity by virtue of Section 232 of the Companies Act 2006.

Financial

The Company finances its activities with dividends received from its investments. Activities are mainly but not limited to fulfilling interest commitments on inter-company loans and paying dividends to its parent company IPM (UK) Power Holdings Limited.

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 Business Review which forms part of the strategic report. In carrying out their duties in respect of going concern, the directors have carried out a review of the Company's financial position and cash flow forecast for a period of 12 months from the date of signing these financial statements. These have been based on a comprehensive review of revenue, expenditure and cash flows, taking into account specific business risks and the uncertainties brought about by the current economic environment.

The forecasts and projections, taking account of reasonably possible downside changes in trading performance, show that the Company should be able to operate within the level of its current resources and facilities.

Having taken all of the above factors into consideration the Directors consider the Company has sufficient resources to meet its liabilities as they fall due. The Directors have reached a conclusion that the Company is able to manage its business risks despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors report (continued)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Directors' statement as to disclosure of information to the auditor

The Directors who were members of the board at the time of approving the Directors' report are listed on page 5.

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

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By order of the Board,

A handwritten signature in black ink, appearing to be 'D G Alcock', written over a horizontal line.

D G Alcock

Director

27 September 2016

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

Independent auditor's report

to the members of Normantrail (UK CO3) Limited

We have audited the financial statements of Normantrail (UK CO3) Limited for the year ended 31 December 2015, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS. 101 "Reduced Disclosure Framework".

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.

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report (continued)

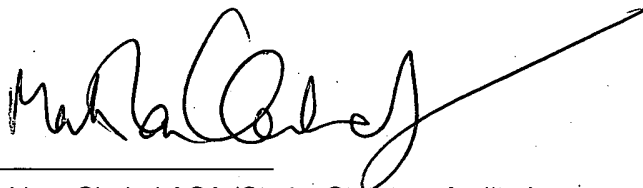
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Makhan Chahal ACA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP,

Chartered Accountant and Statutory Auditor

London, UK

28 September 2016

Profit and loss account
for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Amounts written off investment - exceptional		-	(77,877)
Result/ Loss on ordinary activities before interest and taxation		-	(77,877)
Interest receivable and similar income	7	686	686
Interest payable and similar charges	8	(13,228)	(17,098)
Investment Income	6	46,000	65,086
Profit/(Loss) on ordinary activities before taxation		33,458	(29,203)
Tax credit on profit/ (Loss) on ordinary activities	9	2,391	3,380
Profit/ (Loss) for the financial year		35,849	(25,823)

All realised profits and losses arise as a result of continuing operations.

There was no other comprehensive income attributable to the shareholders of the Company other than the profit for the financial year ended 31 December 2015 of £35,849,000 (2014: (£25,823,000)).

The notes on pages 13 to 24 form an integral part of these financial statements.

Balance sheet

as at 31 December 2015

	Note	2015 £'000	2014 £'000
Fixed Assets			
Investments	10	275,657	275,657
Current assets			
Debtors			
- due within one year	11	1,823	24,914
- due after one year	12	127,957	104,734
Financial assets			
- cash at bank and in hand		100,776	61,211
Total current assets		230,556	190,859
Total assets		506,213	466,517
Current liabilities			
Creditors: amounts falling due within one year	13	(3,816)	(405,023)
Net current assets/(liabilities)		226,740	(214,164)
Total assets less current liabilities		502,397	61,493
Non- Current liabilities			
Creditors: amounts falling due after one year	14	(405,055)	-
Net assets		97,342	61,493
Capital and reserves			
Called up share capital	15	117	117
Share premium account		590	213,590
Retained earnings	16	96,635	(152,214)
EQUITY SHAREHOLDER'S FUNDS		97,342	61,493

The notes on pages 13 to 24 form an integral part of these financial statements.

The financial statements of Normantrail (UK CO3) Limited, registered number 05234591, were approved and authorised for issue by the Board of Directors on 27 September 2016 and signed on its behalf by:



D G Alcock
Director



S Ihara
Director

Statement of changes in equity

for the year ended 31 December 2015 and 31 December 2014

	Note	Called up Share Capital £'000	Share Premium Account £'000	Retained earnings £'000	Total equity £'000
At 1 January 2014		117	213,590	(126,391)	87,316
Loss for the year		-	-	(25,823)	(25,823)
At 31 December 2014		<u>117</u>	<u>213,590</u>	<u>(152,214)</u>	<u>61,493</u>
At 1 January 2015		117	213,590	(152,214)	61,493
Profit for the year		-	-	35,849	35,849
Share Capital Reduction		-	(213,000)	213,000	-
At 31 December 2015		<u>117</u>	<u>590</u>	<u>96,635</u>	<u>97,342</u>

The notes on pages 13 to 24 form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2015

1. Authorisation of financial statements and statement of compliance with FRS 101

Normantrail (UK CO3) Limited is a company incorporated in the United Kingdom under the Companies Act. The Company is a private Company limited by shares and is registered in England and Wales. The address of the registered office is given on page 2. The nature of the Company's operations and its principle activities are set out in the Strategic report on page 3.

The financial statements of Normantrail (UK CO3) Limited (the 'Company') for the year ended 31 December 2015 were authorised for issue by the board of directors on 27 September 2016 and the balance sheet was signed on the board's behalf by Shigeaki Ihara and David Alcock.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100), as issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the Company underwent transition from reporting under UK GAAP to FRS 101 as issued by the Financial Reporting Council.

The Company is a wholly owned subsidiary of IPM (UK) Power Holdings Limited and of its ultimate parent, ENGIE S.A (formerly GDF SUEZ S.A.). It is included in the consolidated financial statements of ENGIE S.A. which are publically available. The group of ENGIE S.A. can be obtained as set out in note 19.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

The principle accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

2.1 Basis of Preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100), as issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015, the Company has undergone the transition from reporting under UK GAAP to FRS 101 as issued by the Financial Reporting Council. These financial statements (including prior year comparatives) have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework', as issued by the Financial Reporting Council and in accordance with applicable accounting standards. This transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, the Company has taken advantage of disclosure exemptions from applying the following requirements under the standard in relation to:

- i. IAS 1 'Presentation of Financial Statements' paragraphs 10(d), 10(f), 39(c) and 134-136;
- ii. IAS 7 'Statement of Cash Flows'; and
- iii. IAS 24 'Related Party Disclosures' paragraph 17.

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

2. Accounting policies (continued)

2.1 Basis of Preparation (continued)

The Company has also taken advantage of the exemption from the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of the ENGIA S.A. group where those party to the transaction are wholly owned by a member of the group.

Where required, equivalent disclosures are given in the group financial statements of ENGIE S.A. (formerly GDF SUEZ S.A.). The group financial statements of ENGIE S.A. are available to the public and can be obtained as set out in note 19.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The Company's financial statements are presented in Pounds Sterling, because that is the currency of the primary economic environment in which the Company operates, and all values are rounded to the nearest thousand Pounds Sterling (£'000) except when otherwise indicated.

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposure to liquidity, price and credit risk are described in the Strategic report and the Directors' report.

The Directors have considered the going concern basis and concluded that it is appropriate to continue to adopt the going concern basis in preparing the Annual Report and financial statements. In performing this assessment the Directors have reviewed the Company's cash flow forecasts for the next 12 months from the date of the approval of the financial statements and they have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future.

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

2. Accounting policies (continued)

2.2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. However, the nature of estimation means that actual outcomes could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

Critical judgements in applying the Company's accounting policies

The following are critical judgments, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income tax

The Company is subject to routine tax audits and also a process whereby tax computations are discussed and agreed with the appropriate authorities. Whilst the ultimate outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of provisions required for both current and deferred tax on the basis of professional advice and the nature of current discussions with the tax authority concerned.

2.4 Significant accounting policies

(a) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

(b) Income taxes

Income tax on the results for the year comprises current income tax. Income tax is recognised in the Company's profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

In accordance with IAS 12 *Income taxes*, Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; and
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(c) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

(d) Cash at bank and in hand

Cash at bank and in hand and short-term deposits in the balance sheet comprises cash on hand, deposits held at call with banks and short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(e) Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

(f) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(g) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss.

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

3. Auditor's Remuneration

The auditor's remuneration in respect of the statutory audit for 2015 is £2,500 and is borne by International Power Limited. The auditor's remuneration for the year 2014 was £2,500 and was also borne by International Power Limited.

Fees payable to the auditor and its associates for non-audit services during the year were £nil (2014: £nil).

4. Directors' remuneration

The Directors did not receive any fees or emoluments from the Company during the year (2014: £nil) directly attributable to their position within the Company. All Directors' fees or emoluments were paid by International Power Limited and the amount attributable to the qualifying services provided by the Directors to the Company cannot be reliably estimated.

5. Staff costs

The Company had no employees during the current or prior year. A fellow subsidiary undertaking employs administrative and operational staff for the Company and appropriate recharges are made to the Company in accordance with the service level agreement between the parties.

6. Investment Income

	2015 £'000	2014 £'000
Dividends received from group undertaking	46,000	65,086
	<u>46,000</u>	<u>65,086</u>

7. Interest receivable and similar income

	2015 £'000	2014 £'000
Interest receivable from group undertakings	686	671
Other interest receivable	-	15
Total interest income	<u>686</u>	<u>686</u>

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

8. Interest payable and similar charges

	2015	2014
	£'000	£'000
Interest payable to group undertakings	13,228	17,098
Total interest expense	13,228	17,098

9. Tax on profit/ (loss) on ordinary activities

The tax credit comprises:

	2015	2014
	£'000	£'000
Tax Credit		
Current income tax:		
Group relief receivable	(2,540)	(3,528)
Adjustment in respect of prior years	149	148
Tax credit in the profit and loss	(2,391)	(3,380)

The Company earns its profits primarily in the UK. Therefore the tax rate used for tax on profit on ordinary activities is the average standard rate for UK corporation tax, currently 20.25% (2014: 21.50 %.)

The credit for the year can be reconciled to the profit in the profit and loss account as follows:

	2015	2014
	£'000	£'000
Reconciliation of tax credit		
Profit before tax	33,458	(29,203)
Profit/(loss) multiplied by rate of corporation tax of 20.25% (2014: 21.50%)	6,775	(6,279)
Dividends receivable from group undertaking – non taxable	(9,315)	(13,993)
Non-deductible impairment	-	16,744
Prior year adjustment	149	148
Tax credit in the profit and loss	(2,391)	(3,380)

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

10. Investments

The Company has investments in the following subsidiary undertakings:

Subsidiary undertakings	Principal activity	Country of incorporation
FHH (Guernsey) Limited	Investment holding Company	England and Wales
FHH No. 1 Limited	Investment holding Company	England and Wales
IPM Marketing & Services Limited	Provision of group finance	England and Wales
First Hydro Holdings Company	Investment holding Company	England and Wales
IPM Operations & Maintenance Limited	Provision of group finance	England and Wales
First Hydro Finance plc	Provision of group finance	England and Wales
First Hydro Company	Electricity generating company	England and Wales
Saltend Operations Company Ltd	Provision of Payroll Services	England and Wales
Saltend Cogeneration Company Ltd	Electricity generating company	England and Wales
IPM (Borelli) Limited	Investment holding Company	England and Wales
IPM Energy Limited - UK	Investment holding Company	England and Wales

All companies above are held at 100% as Ordinary Shares.

	FHH (Guernsey) Limited £'000	IPM Energy Limited £'000	IPM (Borelli) Limited £'000	Saltend Cogeneration Company Limited £'000	Total £'000
Cost					
At 1 January 2015	88,925	3,365	183,367	211,357	487,014
Provisions for impairment					
At 1 January 2015 & 31 December 2015	-	-	-	(211,357)	(211,357)
Net book value	88,925	3,365	183,367	-	275,657

At 31 December 2015, the Directors are of the opinion that the fair values of the investments are equal to their book values.

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

11. Debtors due within one year

	2015 £'000	2014 £'000
Amounts owed by group undertakings - Interest	519	509
Amounts owed by group undertakings - Loan	-	23,222
Amounts owed by group undertakings - Tax	1,304	1,182
Bank interest receivable and similar income	-	1
	<u>1,823</u>	<u>24,914</u>

12. Debtors due after more than one year

	2015 £'000	2014 £'000
Amounts owed by group undertakings - Loan	127,957	104,734
	<u>127,957</u>	<u>104,734</u>

Amounts due from group undertakings – Loan represents two assets, firstly a £104,734,000 nil rate subordinated loan stock held in First Hydro Holdings Company (FHHC). The interest rate and repayment terms of the subordinated loan stock remain at the discretion of the Directors of FHHC who have agreed for it to be non-interest bearing. Secondly, a loan to IPM Eagle LLP of £23,223,000 which is due to be repaid in 2018. The interest terms on this loan are measured at 2% plus LIBOR.

13. Creditors due within one year

	2015 £'000	2014 £'000
Amounts due to group undertakings - Interest	3,812	3,782
Amounts due to group undertakings - Loan	-	401,237
Other creditors	4	4
	<u>3,816</u>	<u>405,023</u>

The 'Amounts due to group undertakings – Interest' represents accrued interest at year-end IPM Operations and Maintenance Limited of £739,000 (2014: £239,000), IPM Borelli Limited of £152,000 (2014: £149,000) and IPM Holdings (UK) Limited of £2,921,000 (2013: £3,394,000).

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

14. Creditors due after more than one year

	2015 £'000	2014 £'000
Amounts due to group undertakings - Loan	405,055	-
	<u>405,055</u>	<u>-</u>

The 'Amounts due to group undertakings - Loan' represents long term intercompany interest bearing loans from IPM Operations and Maintenance Limited of £33,066,000 (2014: £32,594,000), IPM Borelli Limited of £181,503,000 (2014: £181,503,000 and IPM Holdings (UK) Limited of £190,486,000 (2013: £187,140,000). Interest terms on all intercompany loans are measured at 2% plus LIBOR.

Debt can be analysed as falling due:

	2015 £'000	2014 £'000
Within one year (note 13)	-	401,237
Between one and two years	-	-
Between two and five years	405,055	-
After five years	-	-
	<u>-</u>	<u>-</u>

15. Share capital

	2015 £	2014 £
Issued and fully paid		
218,380 ordinary shares of US\$1.00 each	<u>117</u>	<u>117</u>

16. Reserves

	Called up Share Capital £'000	Share Premium Account £'000	Retained earnings £'000	Total £'000
At 1 January 2015	117	213,590	(152,214)	61,493
Profit and loss for the year	-	-	35,849	35,849
Share Capital Reduction	-	(213,000)	213,000	-
At 31 December 2015	117	590	96,635	97,342
At 1 January 2014	117	213,590	(126,391)	87,316
Profit and loss for the year	-	-	(25,823)	(25,823)
At 31 December 2014	117	213,590	(152,214)	61,493

17. Explanation of transition to FRS 101

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with previously extant UK GAAP. These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with the requirements of FRS 101.

Accordingly, the Company has prepared financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the note 1.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards" as required under paragraph 7A of FRS 101.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2014 and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101.

The transition to FRS 101 has no impact on the opening position which was previously prepared in accordance with the old basis of accounting (UK GAAP).

18. Related party transactions

As at 31 December 2015 and 31 December 2014, the Company was a wholly owned subsidiary of IPM Holding (UK) Limited.

During the year, the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

	Amounts due to group undertakings - Loan		Amounts due to group undertakings - Interest	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
IPM Operations and Maintenance Limited	(33,066)	(32,594)	(739)	(239)
IPM Borelli Limited	(181,503)	(181,503)	(152)	(149)
IPM Holdings (UK) Limited	(190,486)	(187,140)	(2,921)	(3,394)
	Amounts owed by group undertakings - Loan		Amounts owed by group undertakings - Interest	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
IPM Eagle LLP	23,223	23,223	519	509
First Hydro Holdings Limited	104,734	104,734		

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

19. Controlling party

The Company's immediate parent undertaking is IPM Holding (UK) Limited, a Company registered in England and Wales, the registered address of which is Level 20, 25 Canada Square, London, E14 5LQ, United Kingdom.

The Directors consider the Company's ultimate parent undertaking and ultimate controlling party to be ENGIE S.A. (formerly GDF SUEZ S.A.), which was incorporated in France and is headquartered in Paris, France and which is the parent undertaking of the largest and smallest group in which the results of the Company are consolidated for the year ended 31 December 2015 and the year ended 31 December 2014. The consolidated financial statements of ENGIE S.A. may be obtained from its registered office at 1 Place Samuel de Champlain, 92400 Courbevoie, Paris, France.

20. Non adjusting events after the financial period

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.