IPM Eagle LLP

Registered No: OC308745

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018

Members' report

The Members present their report and audited financial statements of IPM Eagle LLP (the Partnership) for the year ended 31 December 2018.

Registration

IPM Eagle LLP is incorporated under the Limited Liability Partnership Act 2000 with its registered office at Level 20, 25 Canada Square, London, E14 5LQ.

Principal activities and designated Members

The Partnership is an investment holding partnership, holding investments in Normanglade 4 LLP, Normanbright (UK Co 5) Limited, IPM Eagle Desarrollos Espana S.L. and Princemark Limited. The designated Members during the year were International Power (Impala) and Mitsui Power Ventures Limited. The average number of Members for the year was two *(2017: two)*.

Business review

The results of the Partnership are as follows:

	Year ended 31 December 2018 US$'000	*Year ended 31 December 2017 US$'000*
Profit / (loss) for the financial year	**708,266**	*(1,552)*

As shown in the income statement on page 8, there is a profit for the financial year ended 31 December 2018 compared with a loss in the comparative period, mainly due to an increase in income from shares in group undertakings.

The statement of financial position on page 9 of the financial statements shows the Partnership's financial position at the end of the current and preceding financial year. The net assets have increased from US$52,696,000 to US$62,186,000 because of the profit for the financial year offset by the distribution to Members made during the year.

The Members do not monitor the performance of the Partnership through the use of key performance indicators (KPIs). The ENGIE group manages its business and measures the delivery of its strategic objectives through the application of KPIs at both an ENGIE division and group level.

Members' drawings

Each Member shall be entitled to receive dividends by way of distributions of profits when, as and if declared by the Board. Such dividends shall be distributed in proportion to each Member's interest on the day on which the particular dividend takes place.

There were no transfers of Members' interests between capital and debt during the year or up to the date of approval of the accounts.

Contributions transferred into the ownership of the Partnership by Members are classified as Members' capital unless there are specific written instructions between the Members and the Partnership deeming the contribution a loan.

Allocation of profit and loss

A distribution to Members of US$698,776,000 was paid during the year *(2017: US$15,000,000)*.

The Board does not suggest allocating the profit to the Members in proportion to their interest in the Partnership *(2017: US$nil)*.

Members' report (continued)

Principal risks and uncertainties

Investments in group undertakings

The Partnership holds a number of investments in subsidiary companies. Although the Members are satisfied that the recoverable amounts of the Partnership's investments are not less than their book value, there is a risk that in future periods the book values may become impaired.

Credit risk

The Partnership manages credit exposure to counterparties by establishing clearly defined limits, policies and procedures. The largest receivables relate to amounts lent to undertakings within the ENGIE group. The Partnership continually reviews its receivable position and the credit risk associated with this position. The Members believe that payment default remains a low risk and have assessed this exposure as acceptable.

With respect to treasury activities, the Partnership's financial counterparty credit exposure is limited to cash pooling arrangements with ENGIE Treasury Management S.a.r.l. (formerly GDF SUEZ Treasury Management S.a.r.l.), disclosed under 'Amounts owed by group undertakings – current account'. This results in a concentration of risk to the ENGIE group, but the risk of default remains low given ENGIE's strong credit rating.

Currency risk

The Partnership has transactions in currencies other than its functional currency. Transaction exposure arises on expenses denominated in sterling and euro. The Members have assessed the exposure to currency transaction risk as acceptable.

The Partnership has translation risk on monetary assets and liabilities denominated in currencies other than its functional currency. As at 31 December 2018 the Partnership has amounts owed by ENGIE group undertakings denominated in euro totalling €7,761,000 (US$8,892,000) *(2017: €9,481,000 (US$11,371,000))*, amounts owed by ENGIE group undertakings denominated in Australian dollars of AUD$10,000 (US$7,000) and amounts owed to ENGIE group undertakings denominated in sterling of £605,000 (US$774,000) *(2017: £588,000 (US$795,000))*. Although the net foreign currency asset creates volatility in earnings from period to period, the Members have assessed this exposure as acceptable.

Interest rate risk

The Partnership has both interest-bearing assets and interest-bearing liabilities in the form of intercompany balances with ENGIE group undertakings. As at 31 December 2018 interest-bearing assets with a nominal value of US$22,230,000 *(2017: US$12,205,000)* earned interest at floating rates plus a margin. Interest-bearing liabilities with a nominal value of US$8,176,000 *(2017: US$7,105,000)* accrued interest at floating rates plus a margin.

Employees

The Partnership had no employees *(2017: none)* and incurred no employee related costs during the financial year *(2017: US$ nil)*.

Going concern

The Partnership's activities, together with the factors likely to affect its future development and position, are set out above and below. The Partnership is expected to continue to generate positive cash flows on its own account for the foreseeable future. Therefore, the Partnership's Members have a reasonable expectation that the Partnership will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Events after the end of the reporting period

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

Members' report (continued)

Future developments

The Partnership has no significant future developments to report.

Disclosure of information to the auditor

The Members confirm that, so far as they are each aware, there is no relevant audit information of which the Partnership's auditor is unaware, and each Member has taken all the steps that it ought to have taken as a Member to make itself aware of any relevant audit information and to establish that the Partnership'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.

Independent auditor

Ernst & Young LLP was appointed as auditor during the year and pursuant to Section 487 of the Companies Act 2006, will be deemed to be reappointed.

By order of the Members

....
S Pinnell
On behalf of International Power (Impala)
27 September 2019

....
M Ichikawa
On behalf of Mitsui Power Ventures Limited
27 September 2019

Statement of Members' responsibilities

The Members are responsible for preparing the Members' report and the Partnership's financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the Members to prepare the financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standards 101 *Reduced Disclosure Framework.*

The financial statements are required by law to give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period.

In preparing these financial statements, the Members 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 United Kingdom 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 Partnership will continue in business.

The Members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that its financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for the safeguarding of the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IPM EAGLE LIMITED LIABILITY PARTNERSHIP ('LLP')

Opinion

We have audited the financial statements of IPM Eagle LLP for the year ended 31 December 2018 which comprise the Income statement, Statement of financial position, the Statement of changes in Members' equity and the related notes 1 to 15. 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 Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships 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

- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement set out on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the partnership'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 the members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the 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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst + Young LLP

Caroline Mulley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
27 September 2019

Income statement
for the year ended 31 December 2018

	Note	Year ended 31 December 2018 US$'000	*Year ended 31 December 2017 US$'000*
Other operating expenses		(7,970)	*(8,519)*
Operating loss		(7,970)	*(8,519)*
Income from shares in group undertakings		715,775	*6,400*
Profit / (loss) before interest and taxation		707,805	*(2,119)*
Interest receivable and similar income	5	789	*1,524*
Interest payable and similar expenses	6	(328)	*(957)*
Profit / (loss) before taxation		708,266	*(1,552)*
Tax on profit / (loss)	7	-	-
Profit / (loss) for the financial year available for discretionary division among Members		708,266	*(1,552)*

All results are from continuing operations.

There is no other comprehensive income attributable to the Members of the Partnership.

The notes on pages 11 to 20 form part of these financial statements.

Statement of financial position
as at 31 December 2018

	Note	As at 31 December 2018 US$'000	*As at 31 December 2017 US$'000*
Fixed assets			
Investments	8	**56,170**	*56,170*
Current assets			
Debtors: amounts falling due within one year	9	**22,483**	*12,308*
		22,483	*12,308*
Creditors: amounts falling due within one year	10	**(16,467)**	*(15,782)*
Net current assets / (liabilities)		**6,016**	*(3,474)*
Total assets less current liabilities and net assets		**62,186**	*52,696*
Members' capital and other interests			
Members' capital	13	**150**	*150*
Other reserves	11	**62,036**	*52,546*
Total equity		**62,186**	*52,696*

The notes on pages 11 to 20 form part of these financial statements.

These financial statements were approved and authorised for issue by the Members on 27 September 2019 and signed on its behalf by:

Name: S Pinnell
On behalf of International Power (Impala)

Name: M Ichikawa
on behalf of Mitsui Power Ventures Limited

Statement of changes in Members' equity for the year ended 31 December 2018

	Members' capital US$'000	Other reserves US$'000	Total equity US$'000
Balance at 1 January 2017	150	69,098	69,248
Loss for the financial year available for discretionary division among Members	-	(1,552)	(1,552)
Members' interests after loss for the financial year	150	67,546	67,696
Distribution of profits to Members	-	(15,000)	(15,000)
Balance at 31 December 2017	150	52,546	52,696
Profit for the financial year available for discretionary division among Members	-	708,266	708,266
Members' interests after profit for the financial year	150	760,812	760,962
Distribution of profits to Members	-	(698,776)	(698,776)
Balance at 31 December 2018	150	62,036	62,186

Other reserves comprise the Partnership's profit or loss available for discretionary division among Members.

The notes on pages 11 to 20 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2018

1. General information

IPM Eagle LLP (the Partnership) is a limited liability partnership incorporated and domiciled in England. The Partnership is incorporated under the Partnership Act 2000. The address of its registered office is Level 20, 25 Canada Square, London E14 5LQ, United Kingdom. The nature of the Partnership's operations and its principal activities are set out in the Members' report on page 1.

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.

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with FRS 101 *Reduced Disclosure Framework* as issued by the Financial Reporting Council, the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and in accordance with applicable accounting standards.

The Partnership is owned 70% by International Power (Impala), a wholly owned subsidiary ENGIE S.A. and 30% by Mitsui Power Ventures Limited. It is included in the consolidated financial statements of ENGIE S.A. which are publicly available. Therefore, under Section 400 of the Companies Act 2006 as applied to limited liability partnerships and paragraph 4(a) of IFRS 10 *Consolidated Financial Statements*, the Partnership is exempt from the requirement to prepare consolidated financial statements. Consequently, these financial statements present information about the Partnership as an individual undertaking and not its group.

The functional and presentation currency of the Partnership is US Dollar ("$") and all values in these financial statements are rounded to the nearest thousand dollars ("$000") except when otherwise indicated.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Partnership's accounting policies (see note 3).

Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations

The Partnership has applied IFRS 15 *'Revenue from contracts with customers'*, IFRS 9 *'Financial instruments'* and the *Annual Improvements 2014-2016 cycle* for the first time for the reporting period commencing 1 January 2018. The application of these standards did not have a material impact on the Partnership.

(b) New standards, amendments and interpretations not yet adopted

The Partnership has not early adopted any standard, interpretation or amendment that has been issued but is not for an accounting period that begins on or after 1 January 2018. A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing these financial statements. None of these are expected to have a significant impact on the financial statements of the Partnership.

As permitted by FRS 101, the Partnership has taken advantage of the disclosure exemptions available under that standard in relation to:

- financial instruments as required by IFRS 7 *Financial Instruments: Disclosures*;
- financial instrument valuation techniques and input used for fair value measurement as required by paragraphs 91-99 of IFRS 13 *Fair Value Measurement;*
- the following paragraphs of IAS 1:
    i. 10(d) (the requirement to present a statement of cash flows),
    ii. 16 (the requirement to make an explicit and unreserved statement of compliance with IFRSs),
    iii. 38A (the requirement to present a minimum of two primary statements, including cash flow statements),

Notes to the financial statements for the year ended 31 December 2018 (continued)

2.1 Basis of preparation (continued)

iv. 38B-D (the requirement to disclose comparative information for narrative disclosures and for information going beyond the requirements of IFRSs' additional comparative information),
v. 40A-D (the requirement to present a third statement of financial position),
vi. 111 (the requirement for disclosure of cash flow information), and
vii. 134 to 136 (the requirement to disclose the entity's objectives, policies and processes for managing capital);

- the requirements of IAS 7 *Statement of Cash Flows* to present a statement of cash flows for the period;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to disclose when an entity has not applied a new IFRS that has been issued but is not yet effective;
- the requirements of paragraph 17 and 18A of IAS 24 *Related Party Disclosures;* and
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where relevant, equivalent disclosures have been given in the group accounts of ENGIE S.A.. The group accounts of ENGIE S.A are available to the public and can be obtained as set out in note 14.

2.2 Going concern

The Partnership's activities, together with the factors likely to affect its future development and position, are set out above and below. The Partnership is expected to continue to generate positive cash flows on its own account for the foreseeable future. Therefore, the Partnership's Members have a reasonable expectation that the Partnership will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Foreign currencies

Foreign currency transactions are recorded in the functional currency at the exchange rates prevailing on the dates of the transactions. At each reporting date:

- Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates. The related translation gains and losses are recorded in the income statement for the year to which they relate; and
- Non-monetary assets and liabilities denominated in foreign currencies are recognised at the historical cost applicable at the date of the transaction.

2.4 Dividend income

Dividend income is recognised in the income statement when the Partnership's right to receive payment is established.

2.5 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.6 Interest expense

Interest expense is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount.

Notes to the financial statements for the year ended 31 December 2018 (continued)

2.7 Fixed asset investments

Fixed asset investments are stated at cost less provision for any impairment. At each reporting date, the Partnership assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Partnership makes a formal estimate of the asset's recoverable amount (greater of fair value less costs to sell and value in use). Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment provision is reversed to the extent that the asset's recoverable amount is greater than the carrying value of the fixed asset investment.

2.8 Members' remuneration and Members' interests

There is no contractual obligation by the Partnership to repay the capital at the discretion of its Members, without liquidation, therefore Members' capital is presented as equity. Contributions transferred into the ownership of the Partnership by Members are classified as Members' capital unless there are specific agreements between the Member and the Partnership deeming the contribution a loan.

Members' interests earned on Members' balances are treated as Members' remuneration and charged as an expense to the Income Statement in arriving at profit or loss available for discretionary division among Members.

Distributions of profit are recognised as a liability to Members when, as and if such distributions are declared by the Board and approved by the Members. The distributions are made in proportion to the Members' interest on the day on which the distribution takes place. The overall policy for Members' drawings takes into account the need to maintain sufficient funds to finance working capital and other needs of the Partnership.

2.9 Members' officer fees or emoluments and employees

The Members' officers did not receive any fees or emoluments from the Partnership during the year *(2017: US$nil)* directly attributable to their position within the Partnership. All Members' officers' fees or emoluments were paid by International Power Ltd. or Mitsui Power Ventures Limited for their services to the group as a whole.

The Partnership had no employees during the financial year *(2017: none).*

2.10 Members' capital

During the financial year ended 31 December 2018, there were no returns of Partnership capital made to the Members *(2017: US$nil).*

2.11 Financial instruments

The Partnership recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Partnership accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value in accordance with IFRS 9.

Financial assets

All recognised financial assets are subsequently measured in their entirety at amortised cost.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Notes to the financial statements for the year ended 31 December 2018 (continued)

2.12 Financial instruments (continued)

Impairment of financial assets

The Partnership assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For receivables, the Partnership requires expected lifetime losses to be recognised from initial recognition of the receivables. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

3. Critical accounting estimates and judgments

The preparation of the financial statements in conformity with FRS 101 requires the use of estimates and assumptions to determine the value of assets and liabilities, and contingent assets and liabilities at the reporting date, as well as income and expenses reported during the period.

The Partnership regularly revises its estimates in light of currently available information because of uncertainties inherent in the estimation process. Final outcomes could differ from those estimates.

The key estimates used in preparing the Partnership's financial statements predominately relate to the measurement of:

- the recoverable amount of investments; and
- the recoverable amount of debtors.

Recoverable amount of investments

Determining whether the Partnership's investments in its subsidiaries have been impaired requires estimation of the investments' value in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investees and suitable discount rates in order to calculate present values. The carrying amount of investments at the reporting date was US$56,170,000 *(2017: US$56,170,000)* with no impairment loss recognised in the current financial year *(2017: US$nil)*.

Recoverable amount of debtors

Management regularly assesses whether there is objective evidence that an impairment loss on debtors has been incurred. The Partnership's risk management procedures include an assessment of risk – in particular counterparty risk – in the measurement of its financial instruments. The carrying amount of debtors at the reporting date was US$22,483,000 *(2017:US$12,308,000)* with no impairment loss recognised in the current financial year *(2017: US$nil)*.

Notes to the financial statements for the year ended 31 December 2018 (continued)

4. Auditor's remuneration

The auditor's remuneration in respect of the statutory audit for the years ended 31 December 2018 and 31 December 2017 was borne by International Power Ltd.

The auditor's remuneration was as follows:

	Year ended 31 December 2018 US$'000	*Year ended 31 December 2017 US$'000*
Auditor's remuneration for the financial year	**6**	*8*

Audit fees and non-audit fees borne by International Power Ltd. and its subsidiaries are set out in the financial statements of International Power Ltd. for the year ended 31 December 2018 which can be obtained from Level 20, 25 Canada Square, London E14 5LQ, United Kingdom.

5. Interest receivable and similar income

	Year ended 31 December 2018 US$'000	*Year ended 31 December 2017 US$'000*
Interest receivable from group undertakings	**219**	*346*
Net exchange gain	**-**	*1,178*
Net gain on fair value movements of derivatives recognised at fair value through profit or loss	**570**	-
	789	*1,524*

Group undertakings are subsidiaries of ENGIE S.A.

6. Interest payable and similar expenses

	Year ended 31 December 2018 US$'000	*Year ended 31 December 2017 US$'000*
Interest payable to group undertakings	**42**	*20*
Net loss on fair value movements of derivatives recognised at fair value through profit or loss	**-**	*937*
Net exchange loss	**286**	-
	328	*957*

Group undertakings are subsidiaries of ENGIE S.A.

Notes to the financial statements for the year ended 31 December 2018 (continued)

7. Tax on profit / (loss)

	Year ended 31 December 2018 US$'000	*Year ended 31 December 2017 US$'000*
Reconciliation of total current tax		
Profit / (loss) before taxation	**708,266**	*(1,552)*
Current tax (expense) / credit at 19% *(2017: 19.25%)*	**(134,571)**	*299*
Items non-taxable for tax purposes	**136,032**	*1,232*
Loss attributable to Members	**(1,461)**	*(1,531)*
Tax on profit / (loss)	**-**	*-*

The current year applicable statutory tax rate is 19%.

The prior year applicable statutory tax rate was 19.25% which represented a weighted average rate based on 20% applicable for the three months to 31 March 2017, and 19% applicable from 1 April 2017.

Factors that may affect future tax expenses

The tax rate for the current year is lower than the prior year due to changes in the UK corporation tax rate which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of the Finance (No. 2) Act 2015 (on 26 October 2015) and the Finance Act 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2018 and to 17% from 1 April 2020. This will reduce the Company's tax expenses accordingly.

8. Fixed asset investments

	Total US$'000
Cost	
At 1 January 2018 and 31 December 2018	**56,170**
Impairment	
At 1 January 2018 and 31 December 2018	**-**
Net book value	
At 31 December 2017 and 31 December 2018	**56,170**

At 31 December 2018 the Partnership had the following directly held investments:

	Registered office	Class of shares held	Proportion held
Normanbright (UK Co 5) Limited	Level 20, 25 Canada Square, London E14 5LQ, United Kingdom	Ordinary shares	100%
Princemark Limited (i)	30 Finsbury Square, London, EC2P 2YU	Ordinary shares	100%
IPM Eagle Desarrollos Espana S.L.	Passeig de Gràcia, 18 -4th-1st, Barcelona, 8007, Espagne	Ordinary shares	100%
Normanglade 4 LLP	Level 20, 25 Canada Square, London, E14 5LQ, United Kingdon	Partnership capital	99%[1]

[1] Normanbright (UK Co 5) Limited owns the remaining 1% partnership capital of Normanglade 4 LLP.

Notes to the financial statements for the year ended 31 December 2018 (continued)

8. Fixed asset investments (continued)

At 31 December 2018 the Partnership had the following indirectly held investments:

	Registered office	Class of shares held	Proportion held
Normanclose 2 LLP	Level 20, 25 Canada Square, London E14 5LQ, United Kingdom	Partnership capital	99%[2]
Normanframe (UK Co. 6) Limited	Level 20, 25 Canada Square, London E14 5LQ, United Kingdom	Ordinary shares	100%
IPM Peacock Limited	Level 20, 25 Canada Square, London E14 5LQ, United Kingdom	Ordinary shares	100%
IPM Energy Company Limited	Level 20, 25 Canada Square, London E14 5LQ, United Kingdom	Ordinary shares	100%
IPM Energy Services B.V.	Grote Voort 291, 8041 BL ZWOLLE, Netherlands	Ordinary shares	100%
IPM Victoria B.V.	Grote Voort 291, 8041 BL ZWOLLE, Netherlands	Ordinary shares	100%
Ponama Holdings Limited	Lemesou 11, Galatariotis Building, 2nd Floor, 2112 Nicosia 2112, Cyprus	Ordinary shares	100%
Electro Metalurgica del Ebro S.L.	C/ Torrelaguna 79, 28043 MADRID, Spain	Ordinary shares	99.82%
Iberian Hy-power Amsterdam B.V.	Grote Voort 291, 8041 BL, Zwolle, Netherlands	Ordinary shares	100%
IPM Eagle Electrica S.A. (Luxembourg) S.A.	65, avenue de la Gare, 1611 LUXEMBOURG, Luxembourg	Ordinary shares	100%
IPM Del Caribe	Appleby Corporate Services (Cayman) Limited, Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands	Ordinary shares	100%
Ecoelectrica Holdings LLC	Road 337 Km. 3.7, Bo.Tallaboa Poniente, PR 00624-9804 PEÑUELAS, Puerto Rico	Ordinary shares	50%
Ecoelectrica L.P.	Appleby Spurling & Kempe, Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda	Ordinary shares	50%
Ecoelectric LLC	Road 337 Km. 3.7, Bo.Tallaboa Poniente, PR 00624-9804 PEÑUELAS, Puerto Rico	Ordinary shares	50%

[2] Normanframe (UK Co 6) Limited owns the remaining 1% partnership capital of Normanclose 2 LLP.

(i) Princemark Limited was placed into liquidation on 25 January 2018 and was dissolved on 12 May 2019.

As at 31 December 2018, following the Members' review of the recoverable amount of the Partnership's investments no impairment loss was recognised *(2017: US$nil).*

As at 31 December 2018, the Members are of the opinion that the recoverable amounts of the Partnership's investments are not less than their book value.

Notes to the financial statements for the year ended 31 December 2018 (continued)

9. Debtors: amounts falling due within one year

	31 December 2018 US$'000	*31 December 2017 US$'000*
Amounts owed by group undertakings - loans	**10,648**	*11,066*
Amounts owed by group undertakings - interest	**58**	*103*
Amounts owed by group undertakings - current accounts	**11,582**	*1,139*
Derivative financial assets	**195**	-
	22,483	*12,308*

'Amounts owed by group undertakings - loans' are unsecured, subject to floating rates of interest plus a margin, and repayable within one year.

10. Creditors: amounts falling due within one year

	31 December 2018 US$'000	*31 December 2017 US$'000*
Amounts owed to group undertakings - loans	**8,789**	*8,800*
Amounts owed to group undertakings - interest	**3**	*10*
Amounts owed to group undertakings - others	**7,675**	*6,595*
Derivative financial liabilities	-	*377*
	16,467	*15,782*

Amounts owed to ENGIE group undertakings are unsecured, subject to floating rates of interest plus a margin, and repayable within one year.

Included above in 'amounts owed to group undertakings' are amounts that do not accrue interest of US$8,288,000 *(2017: US$8,290,000).*

11. Other reserves

Other reserves include the profits and losses for all current and prior periods after distributions.

Notes to the financial statements for the year ended 31 December 2018 (continued)

12. Related party disclosures

As at 31 December 2018 and 31 December 2017, the Partnership was owned 70% by International Power (Impala) and 30% by Mitsui Power Ventures Limited. The Partnership has taken advantage of the exemption under paragraph 8(k) of FRS 101 and has therefore not disclosed transactions with its wholly owned subsidiaries.

Transaction entered into with related parties that are not wholly owned by the Partnership, and balances outstanding with related parties are as follows:

	31 December 2018 US$'000	*31 December 2017 US$'000*
Interest costs during the year		
Subsidiaries	**14**	*10*
Other related parties	**28**	*10*
	42	*20*

	31 December 2018 US$'000	*31 December 2017 US$'000*
Operating costs during the year		
Parent - International Power Ltd.	**7,699**	*8,082*
Other related parties	**218**	*378*
	7,917	*8,460*

	31 December 2018 US$'000	*31 December 2017 US$'000*
Amounts owed by related parties		
Subsidiaries	**10,706**	*9,339*
Other related parties	**11,582**	*2,969*
	22,288	*12,308*

	31 December 2018 US$'000	*31 December 2017 US$'000*
Amounts owed to related parties		
Parent - International Power Ltd.	**7,572**	*6,570*
Subsidiaries	**8,792**	*8,800*
Other related parties	**103**	*35*
	16,467	*15,405*

Other related parties comprise subsidiaries of ENGIE S.A. not owned by the Partnership, and the Member which holds a non-controlling interest in the Partnership.

Loans between related parties are made on an arm's length basis.

13. Members' capital

At 31 December 2018 International Power (Impala) and Mitsui Power Ventures Limited had cumulatively contributed US$105,000 and US$45,000 respectively as capital to the Partnership.

14. Controlling party and ultimate parent undertaking

The Partnership was controlled by International Power (Impala), an unlimited company with share capital registered and incorporated in England and Wales. The registered address of International Power (Impala) is Level 20, 25 Canada Square, London E14 5LQ, United Kingdom.

The Members consider the Partnership's ultimate parent undertaking and controlling party to be ENGIE 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 Partnership are consolidated for the year ended 31 December 2018 and the year ended 31 December 2017. The consolidated financial statements of ENGIE S.A. may be obtained from its registered office at 1 Place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris La Défense, France.

15. Events after the end of the reporting period

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