IPM Eagle LLP

Registered No: OC308745

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017

Members' report

The Members present their report and audited financial statements of IPM Eagle LLP (the Partnership) for the year ended 31 December 2017.

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 and finance 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 (2016: two).

Business review

The results of the Partnership are as follows:

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
(Loss) /profit for the financial year	(1,552)	66,927

As shown in the income statement on page 7, there is a loss for the financial year ended 31 December 2017 mainly due to a reduction in income from shares in group undertakings.

A distribution to Members of US$15,000,000 was paid during the year (2016: US$ nil).

The statement of financial position on page 8 of the financial statements show the Partnership's financial position at the end of the current and preceding financial year. The net assets have decreased from US$69,248,000 to US$52,696,000 because of the loss and the distribution to Members made in the financial 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

The Board does not suggest allocating the loss to the Members in proportion to their interest in the Partnership (2016: US$ nil).

Members' report (continued)

Principal risks and uncertainties

Going concern risk

The Partnership has net current liabilities of US$3,474,000 as at 31 December 2017 (2016: net current assets US$13,078,000). The ability of the Partnership to fulfil its financial obligations is therefore dependent on future profitability and cash flow. The Board has considered the application of the going concern basis of accounting. In making this assessment the Board considered the intention of International Power (Impala) and Mitsui Power Ventures Limited to provide financial support to the Partnership in the conduct of its ordinary business for a period of twelve months from the date of approval of these financial statements. The Board, having assessed the responses of International Power (Impala) and Mitsui Power Ventures Limited to their enquiries, have no reason to believe that a material uncertainty exists that may case doubt about the ability of the Partnership to continue as going concern or its ability to fulfil its financial obligations. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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 remote risk that in future periods the book values may become impaired.

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 2017 the Partnership has amounts owed by ENGIE group undertakings denominated in euro totalling €9,481,000 (US$11,371,000) (2016: €7,322,000 (US$7,718,000)) and amounts owed to ENGIE group undertakings denominated in sterling of £588,000 (US$795,000) (2016: £nil (US$ nil)). 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 2017 interest-bearing assets with a carrying value of US$12,204,000 (2016: US$23,281,000) earned interest at floating rates plus a margin. Interest-bearing liabilities with a carrying value of US$7,115,000 (2016: US$511,000) accrued interest at floating rates plus a margin.

Employees

The Partnership had no employees (2016: none) and incurred no employee related costs during the financial year (2016: US$ nil).

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.

Future developments

The Partnership has no significant future developments to report.

Disclosure of information to the auditor

Deloitte LLP was appointed as the Partnership's statutory auditor for the year ended 31 December 2017. 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

Members' report (continued)

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.

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.

By order of the Members

....
S D Pinnell
On behalf of International Power (Impala)
26 September 2018

....
H Kayamori
On behalf of Mitsui Power Ventures Limited
26 September 2018

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.

IPM Eagle LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IPM EAGLE LLP

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of IPM Eagle LLP (the 'limited liability partnership'):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2017 and of its loss 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.

We have audited the financial statements which comprise:

- the Income statement;
- the Statement of financial position;
- the Statement of changes in Members' equity; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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.

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 Financial Reporting Council's (FRC) 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 are required by ISAs (UK) to report in respect of the following matters where:

- the Members' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The Members are responsible for the other information. The other information comprises the information included in the Members' report, other than the financial statements and our auditor's report thereon. 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 this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

IPM Eagle LLP

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF IPM EAGLE LLP

Responsibilities of Members
As explained more fully in the Members' responsibilities statement, 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 limited liability 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 limited liability 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception
Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the limited liability partnership's 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 limited liability partnership'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 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.

Makhan Chahal

Makhan Chahal ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

27th September 2018

Income statement
for the year ended 31 December 2017

	Note	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Other operating expenses		(8,519)	(8,615)
Operating loss		(8,519)	(8,615)
Income from shares in group undertakings		6,400	72,830
Amounts written off investments	6	-	(66)
Reversal of provision against amount owed by group undertakings		-	2,161
(Loss) / profit before interest and taxation		(2,119)	66,310
Interest receivable and similar income	3	1,524	1,869
Interest payable and similar expenses	4	(957)	(1,252)
(Loss) / profit before taxation		(1,552)	66,927
Tax on profit	5	-	-
(Loss) / profit for the financial year available for discretionary division among Members		(1,552)	66,927

All results are from continuing operations.

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

The notes on pages 10 to 18 form part of these financial statements.

Statement of financial position
as at 31 December 2017

	Note	As at 31 December 2017 US$'000	As at 31 December 2016 US$'000
Fixed assets			
Investments	6	56,170	56,170
Current assets			
Debtors	7	12,308	23,956
		12,308	23,956
Creditors: amounts falling due within one year	8	(15,782)	(10,878)
Net current (liabilities) / assets		(3,474)	13,078
Total assets less current liabilities and net assets		52,696	69,248
Members' other interests			
Members' capital	11	150	150
Other reserves	9	52,546	69,098
Total equity		52,696	69,248

The notes on pages 10 to 18 form part of these financial statements.

These financial statements were approved and authorised for issue by the Members on 26 September 2018 and signed on its behalf by:

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

Name: H Kayamori
on behalf of Mitsui Power Ventures Limited

Statement of changes in Members' equity for the year ended 31 December 2017

	Members' capital US$'000	Other reserves US$'000	Total US$'000
Balance at 1 January 2016	150	2,171	2,321
Profit for the financial year available for discretionary division among Members	-	66,927	66,927
Members' interests after profit for the financial year	150	69,098	69,248
Distribution of profits to Members	-	-	-
Balance at 31 December 2016	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

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

The notes on pages 10 to 18 form part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2017

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 pages 1 to 3.

1. 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.

a. Basis of preparation

The Partnership meets the definition of a qualifying entity under FRS (Financial Reporting Standard) 100 issued by the Financial Reporting Council.

The financial statements have been prepared 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. These financial statements have also been prepared on the going concern basis, and under the historical cost convention.

The Partnership's has net current liabilities of US$3,474,000 as at 31 December 2017 (2016: net current assets US$13,078,000). The ability of the Partnership to fulfil its financial obligations is therefore dependent on future profitability and cash flow. The Board has considered the application of the going concern basis of accounting. In making this assessment the Board considered thc intention of International Power (Impala) and Mitsui Power Ventures Limited to provide financial support to the Partnership in the conduct of its ordinary business for a period of twelve months from the date of approval of these financial statements. The Board, having assessed the responses of International Power (Impala) and Mitsui Power Ventures Limited to their enquiries, have no reason to believe that a material uncertainty exists that may case doubt about the ability of the Partnership to continue as going concern or its ability to fulfil its financial obligations. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

(a) financial instruments as required by IFRS 7 *Financial Instruments: Disclosures*;
(b) financial instrument valuation techniques and input used for fair value measurement as required by paragraphs 91-99 of IFRS 13 *Fair Value Measurement;*
(c) 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),
   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);
(d) the requirements of IAS 7 *Statement of Cash Flows* to present a statement of cash flows for the period;
(e) 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;
(f) the requirements of paragraph 17 and 18A of IAS 24 *Related Party Disclosures;* and
(g) 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 12.

Notes to the financial statements
for the year ended 31 December 2017 (continued)

1. Accounting policies (continued)

a. Basis of preparation (continued)

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 Partnership's functional currency is US dollar. The financial statements of the Partnership are presented in US dollars and are rounded to the nearest thousand US dollars.

Adoption of new and revised Standards

The Partnership has not early adopted any standard, interpretations or amendment that has been issued but is not for an accounting period that begins on or after 1 January 2017.

The Partnership has applied a number of amendments to IFRSs and new Interpretations issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017. These comprise Amendments to IAS 7 *Disclosure Initiative* and IAS 12: *Recognition of Deferred Tax Assets for unrealised losses*. The Partnership has also applied *Annual Improvements to IFRSs 2016-2017 Cycle*. The application of these amendments have had no material effect on the Partnership's financial statements.

b. Critical accounting estimates and judgements

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
- 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 (2016: US$56,170,000) with no impairment loss recognised in the current financial year (2016: US$66,000).

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$12,308,000 (2016: US$23,395,000) with no impairment loss recognised in the current financial year (2016: US$ nil). There was no impairment loss reversal in the current year (2016: US$2,161,000).

There are no further key accounting judgements relevant to the financial statements.

Notes to the financial statements
for the year ended 31 December 2017 (continued)

1. Accounting policies (continued)

c. 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.

d. Dividend income

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

e. 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.

f. 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.

g. 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.

h. Cash at bank and in hand

These items include cash equivalents as well as short-term investments that are considered to be readily convertible into a known amount of cash and where the risk of a change in their value is deemed to be negligible based on the criteria set out in IAS 7.

i. 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.

Notes to the financial statements
for the year ended 31 December 2017 (continued)

1. Accounting policies (continued)

j. Members' officer fees or emoluments and employees

The Members' officers did not receive any fees or emoluments from the Partnership during the year (2016: 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 (2016: none).

k. Members' capital

During the financial year ended 31 December 2017, there were no returns of Partnership capital made to the Members (2016: US$nil).

l. Financial instruments

Financial instruments are recognised and measured in accordance with IAS 39.

Financial assets

Financial assets of the Partnership comprise, loans and receivables carried at amortised cost including other debtors, and financial assets measured at fair value through profit or loss, including derivative financial instruments. The Partnership determines the classification of its assets at initial recognition.

Loans and receivables at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These items are primarily amounts owed by ENGIE group undertakings and cash.

On initial recognition, loans and receivables are recorded at fair value plus transaction costs. At each reporting date, they are measured at amortised cost using the effective interest method.

Impairment losses are recognised based on the estimated risk of non-recovery.

Derivatives

The Partnership uses financial instruments to manage and reduce its exposure to market risks arising from fluctuations in foreign currency exchange rates. The use of derivative instruments is governed by an ENGIE policy for managing interest rate, currency and commodity risks.

Derivative financial instruments are contracts: (i) whose value changes in response to the change in one or more observable variables; (ii) that do not require any material initial net investment; and (iii) that are settled at a future date.

The Partnership has not applied hedge accounting and all derivatives are measured at fair value through profit or loss.

Fair value measurement

The fair value of forward foreign exchange contracts is calculated by reference to current prices for contracts with similar maturities by discounting the future cash flow spread (difference between the forward exchange rate under the contract and the forward exchange rate recalculated in line with the new market conditions applicable to the nominal amount).

Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives, as appropriate. The Partnership determines the classification of its financial liabilities at initial recognition.

Notes to the financial statements
for the year ended 31 December 2017 (continued)

1. Accounting policies (continued)

Financial liabilities (continued)
Financial liabilities include amounts owed to ENGIE group undertakings, amounts owed to other related parties and derivative financial instruments.

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings net of directly attributable transaction costs.

2. Auditor's remuneration

The auditor's remuneration in respect of the statutory audit for the years ended 31 December 2017 and 31 December 2016 was borne by International Power Ltd.

The auditor's remuneration was as follows:

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Auditor's remuneration for the financial year	8	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 2017 which can be obtained from Level 20, 25 Canada Square, London E14 5LQ, United Kingdom.

3. Interest receivable and similar income

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Interest receivable from ENGIE group undertakings	326	314
Other interest receivable	20	8
Total interest income on financial assets measured at amortised cost	346	322
Net exchange gain	1,178	1,547
	1,524	1,869

ENGIE group undertakings are subsidiaries of ENGIE S.A.

4. Interest payable and similar expenses

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Interest payable to ENGIE group undertakings	10	219
Other interest payable	10	9
Total interest expense for financial liabilities measured at amortised cost	20	228
Net loss on fair value movements of derivatives recognised at fair value through profit or loss	937	1,024
	957	1,252

ENGIE group undertakings are subsidiaries of ENGIE S.A.

Notes to the financial statements
for the year ended 31 December 2017 (continued)

5. Tax expense on (loss) / profit

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Reconciliation of the total tax expense		
(Loss) / profit before taxation	(1,552)	66,927
Current tax credit / (charge) at 19.25% (2016: 20%)	299	(13,385)
Items non-taxable for tax purposes	1,232	14,996
Loss attributable to Members	(1,531)	(1,611)
Tax expense on (loss) / profit	-	-

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

The prior year applicable statutory tax rate was 20%.

Factors that may affect future tax charges

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 Bill 2015 (on 26 October 2015) and the Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. This will reduce the Partnership's tax charges accordingly.

Notes to the financial statements
for the year ended 31 December 2017 (continued)

6. Investments

At 31 December 2017 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%
Normanglade 4 LLP	Level 20, 25 Canada Square, London E14 5LQ, United Kingdom	Partnership capital	99%[1]
Princemark Limited	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%

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

Normanglade 4 LLP is governed by English law, the registered address of which is Level 20, 25 Canada Square, London E14 5LQ, United Kingdom.

Princemark Limited was placed into liquidation on 25 January 2017.

The results and financial position of Normanglade 4 LLP are included in the consolidated financial statements of ENGIE S.A., a company incorporated in France.

	Total US$'000
Cost	
At 1 January 2017 and 31 December 2017	875,931
Impairment	
At 1 January 2017 and 31 December 2017	819,761
Net book value	
At 31 December 2016 and 31 December 2017	56,170

As at 31 December 2017, following the Members' review of the recoverable amount of the Partnership's investments no impairment loss was recognised (2016: US$66,000 was recognised in respect of the investment in Princemark Limited).

As at 31 December 2017, the Members are of the opinion that the recoverable amounts of the Partnership's investments are not less than their book value.

7. Debtors

	31 December 2017 US$'000	31 December 2016 US$'000
Amounts owed by group undertakings	12,308	23,395
Derivative financial assets	-	561
	12,308	23,956

Notes to the financial statements
for the year ended 31 December 2017 (continued)

7. Debtors (continued)

Amounts owed by ENGIE group undertakings are unsecured, subject to floating rates of interest plus a margin, and repayable on demand. Within amounts owed by group undertakings there are amounts that do not accrue interest of US$104,000 (2016: US$114,000).

8. Creditors: amounts falling due within one year

	31 December 2017 US$'000	31 December 2016 US$'000
Amounts owed to group undertakings	15,405	10,878
Derivative financial instruments	377	-
	15,782	10,878

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

Included above in 'amounts owed to group undertakings' are amounts that do not accrue interest of US$8,290,000 (2016: US$10,367,000).

9. Other reserves

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

10. Related party disclosures

As at 31 December 2017 and 31 December 2016, 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:

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Interest costs during the year		
Subsidiaries	10	-
Other related parties	10	102
	20	102

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Operating costs during the year		
Parent	8,082	7,973
Other related parties	378	445
	8,460	8,418

Notes to the financial statements
for the year ended 31 December 2017 (continued)

10. Related party disclosures (continued)

	31 December 2017 US$'000	31 December 2016 US$'000
Amounts owed by related parties		
Subsidiaries	9,339	9,811
Other related parties	2,969	13,584
	12,308	23,395

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.

	31 December 2017 US$'000	31 December 2016 US$'000
Amounts owed to related parties		
Parent	6,570	1,973
Subsidiaries	8,800	8,791
Other related parties	35	114
	15,405	10,878

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

11. Members' capital

By 31 December 2017 International Power (Impala) and Mitsui Power Ventures Limited had cumulatively contributed US$105,000 and US$45,000 respectively as capital to the Partnership.

12. 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 2017 and the year ended 31 December 2016. 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.

13. 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.