NORMANGLADE 4 LLP

Registered No: OC309574

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018

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Members' report

The Members present their report and audited financial statements of Normanglade 4 LLP (the Partnership) for the year ended 31 December 2018.

Principal activities

The Partnership is an investment holding partnership, holding a 100% investment in Normanframe (UK Co 6) Limited and a 99% investment in Normanclose 2 LLP. The designated Members during the year were IPM Eagle LLP, which owns a 99% interest in the Partnership, and Normanbright (UK Co 5) Limited, which owns a 1% interest in the Partnership. 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 for the financial year available for discretionary division among Members	**799,478**	*5,757*

As shown in the income statement on page 8, the profit for the financial year ended 31 December 2018 has increased in comparison with the prior year as a result of the income received from shares in group undertakings.

The statement of financial position, on page 9, shows the Partnership's financial position at the end of the current and preceding financial year. The net assets attributable to Members have increased from US$306,465,000 to US$390,129,000 mainly due to the profit for the financial year, offset by the distribution of profits to Members.

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 Members' 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 signature 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 Member and the Partnership deeming the contribution a loan.

Allocation of profit and loss

The Members approved a distribution, out of the Partnership's profits, in an aggregate amount of US$715,775,000 to be allocated to the Members in proportion to their interest in the Partnership *(2017: total distribution of US$6,400,000)*.

Principal risks and uncertainties

Investments in group undertakings

The Partnership holds a 100% investment in Normanframe (UK Co 6) Limited and a 99% investment in Normanclose 2 LLP. 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 value may become impaired. The Members have assessed this exposure as acceptable.

Members' report (continued)

Principal risks and uncertainties (continued)

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 'Debtors: amounts owed by ENGIE 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 no longer has translation risk on monetary liabilities denominated in currencies other than its local currency. As at 31 December 2018 the Partnership has amounts owed to ENGIE group undertakings denominated in sterling totalling £nil (US$nil) *(2017: £50,000 (US$68,000))*. The Partnership does not have sufficient foreign currency assets to offset this foreign exchange exposure. It is not the Partnership's policy to hedge currency translation exposures through foreign exchange contracts or currency swaps. Although the foreign currency monetary liability 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$609,990,000 *(2017: US$604,797,000)* earned interest at floating rates plus a margin. Interest-bearing liabilities with a nominal value of US$308,271,000 *(2017: US$385,078,000)* accrued interest at floating rates plus a margin. As interest-bearing assets are more significant than interest-bearing liabilities, the Members have assessed this risk as acceptable.

Employees

The Partnership had no employees *(2017: none)* and incurred no 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.

Future developments

The Partnership has no significant future developments to report.

Members' report (continued)

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.

S Pinnell
On behalf of Normanbright (UK Co 5) Limited

M Ichikawa
On behalf of IPM Eagle LLP

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, including FRS 101, 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 NORMANGLADE 4 LLP ('LLP')

Opinion

We have audited the financial statements of Normanglade 4 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
9 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*
Income from shares in group undertakings		793,775	-
Profit before interest and taxation		**793,775**	-
Interest receivable and similar income	5	**15,620**	*14,398*
Interest payable and similar expenses	6	**(9,956)**	*(8,602)*
Profit before taxation		**799,439**	*5,796*
Tax on profit	7	-	-
Profit for the financial year available before Members' remuneration and share of profit		**799,439**	*5,796*
Members' remuneration charged as an expense	8	**39**	*(39)*
Profit for the financial year available for discretionary division among Members		**799,478**	*5,757*

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 18 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	9	**87,954**	*87,954*
Current assets			
Debtors	10	**613,850**	*607,364*
		613,850	*607,364*
Creditors: amounts falling due within one year	11	**(311,675)**	*(388,853)*
Net current assets		**302,175**	*218,511*
Net assets attributable to Members		**390,129**	*306,465*
Represented by:			
Loans and other debts due to Members due within one year			
Other amounts	12	**1,832**	*1,871*
		1,832	*1,871*
Members' other interests:			
Members' capital classified as equity		**47,652**	*47,652*
Members' other interests classified as equity		**340,645**	*256,942*
		390,129	*306,465*
Members' other interests			
Loans and other debts due to Members		**1,832**	*1.871*
Members' capital		**47,652**	*47,652*
Other reserves		**340,645**	*256,942*
		390,129	*306,465*

The notes on pages 11 to 18 form part of these financial statements.

These financial statements were approved and authorised for issue by the Members on 5/09/2019 and signed on its behalf by:

S Pinnell
on behalf of Normanbright (UK Co 5) Limited

市川 誠

M Ichikawa
on behalf of IPM Eagle LLP

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

	Members' other interests: Members' capital US$'000	Other reserves US$'000	Total US$'000	Loans and other debts due to Members US$'000	Total US$'000
Balance at 1 January 2017	**47,652**	**257,585**	**305,237**	**1,832**	**307,069**
Profit for the financial year available for discretionary division among Members	-	5,757	5,757	-	5,757
Members' remuneration charged as an expense (Note 8)	-	-	-	39	39
Members' interests after profit for the financial year	**47,652**	**263,342**	**310,994**	**1,871**	**312,865**
Distribution of profits to Members	-	(6,400)	(6,400)	-	(6,400)
Balance at 31 December 2017	**47,652**	**256,942**	**304,594**	**1,871**	**306,465**
Profit for the financial year available for discretionary division among Members	-	799,478	799,478	-	799,478
Alignment of Members remuneration (Note 8)	-	-	-	(39)	(39)
Members' interests after profit for the financial year	**47,652**	**1,056,420**	**1,104,072**	**1,832**	**1,105,904**
Distribution of profits to Members	-	(715,775)	(715,775)	-	(715,775)
Balance at 31 December 2018	**47,652**	**340,645**	**388,297**	**1,832**	**390,129**

Other reserves comprise the Partnership's profits or losses available for discretionary division among Members.

The notes on pages 11 to 18 form part of these financial statements.

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

1. General information

Normanglade 4 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 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 requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 (a reconciliation of the number of shares outstanding at beginning and at the end of the period);
- the following paragraphs of IAS 1:
    i. 10(d) (the requirement to present a statement of cash flows),
    ii. 10(f) (the requirement to present a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement in its financial statements, or when it reclassifies items in its financial statements),
    iii. 16 (the requirement to make an explicit and unreserved statement of compliance with IFRSs),
    iv. 38A (the requirement to present a minimum of two primary statements, including cash flow statements),
    v. 38B-D (the requirement to disclose comparative information for narrative disclosures and for information going beyond the requirements of IFRSs' additional comparative information),

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

2.1 Basis of preparation (continued)

vi. 40A-D (the requirement to present a third statement of financial position),
vii. 111 (the requirement for disclosure of cash flow information), and
viii. 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. (formerly GDF SUEZ 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 in the Members' report. 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 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.

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 by way of dividends 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.

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.

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

2.12 Financial instruments (continued)

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.

Recoverable amount of investments

Determining whether the Partnership's investments have been impaired requires estimation of the investments' values 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$87,954,000 *(2017: US$87,954,000)* with no impairment loss recognised in 2017 or 2018.

Recoverable amount of debtors

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 the debtors at the reporting date was US$613,850,000 *(2017: US$607,364,000).*

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	1	*4*

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 5QL, United Kingdom.

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

5. Interest receivable and similar income

	Year ended 31 December 2018 US$'000	*Year ended 31 December 2017 US$'000*
Interest receivable from ENGIE group undertakings	**15,620**	*14,398*

ENGIE 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 ENGIE group undertakings	**9,952**	*8,561*
Net exchange loss	**4**	*41*
	9,956	*8,602*

ENGIE group undertakings are subsidiaries of ENGIE S.A.

7. Tax on profit

	Year ended 31 December 2018 US$'000	*Year ended 31 December 2017 US$'000*
Tax on profit	**-**	*-*

	Year ended 31 December 2018 US$'000	*Year ended 31 December 2017 US$'000*
Reconciliation of total tax expense		
Profit before taxation	**799,439**	*5,796*
Current tax expense at 19% *(2017: 19.25%)*	**(151,893)**	*(1,116)*
Items non-taxable for tax purposes	**150,822**	*3*
Profit attributable to Members	**1,071**	*1,113*
Tax on profit	**-**	*-*

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.

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

8. Members' remuneration charged as an expense

	Year ended 31 December 2018 US$'000	*Year ended 31 December 2017 US$'000*
Interest payable and other adjustments	(39)	*39*

9. Investments

	Total US$'000
Cost	
At 1 January 2018 and 31 December 2018	87,954
Net book value	
At 31 December 2018 and 31 December 2017	87,954

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.

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

	Registered office	Class of shares held	Proportion held
Normanframe (UK Co 6) Limited	Level 20, 25 Canada Square, London E14 5LQ, United Kingdom	Ordinary shares	100%
Normanclose 2 LLP	Level 20, 25 Canada Square, London E14 5LQ, United Kingdom	Partnership capital	99%[1]

[1] The remaining 1% of the Partners' capital is held by Normanframe (UK Co 6) Limited.

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

	Registered office	Class of shares held	Proportion held
IPM Peacock Limited	Level 20, 25 Canada Square, London E14 5LQ, United Kingdom	Ordinary shares	100%

IPM Peacock Limited holds the following investments:

	Registered office	Class of shares held	Proportion held
Ponama Holdings Limited (iv)	Level 20, 25 Canada Square, London E14 5LQ, United Kingdom	Ordinary shares	100 %
Majestic Energy (i,ii,iv)	30 Finsbury Square, London EC2P 2YU, United Kingdom	Ordinary shares	100 %
IPM Energy Services B.V. (iv)	Grote Voort 291, 8041 BL Zwolle, Netherlands	Ordinary shares	100 %
IPM Victoria B.V. (iv)	Grote Voort 291, 8041 BL Zwolle, Netherlands	Ordinary shares	100%
IPM Energy Company (UK) Limited (iv)	Level 20, 25 Canada Square, London E14 5LQ, United Kingdom	Ordinary shares	100%
Iberian Hy-Power Amsterdam B.V.	Grote Voort 291, 8041 BL Zwolle, Netherlands	Common stock	100%

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

9. Investments (continued)

Electro Metalurgica Del Ebro S.L.	Calle Torrelaguna, 79, 28043, Madrid Spain	Quota	99 %
IPM Del Caribe	75 Fort Street P.O. Box 1350 Cayman Islands	Ordinary shares	100 %
IPM Eagle Ecoelectrica S.A.	65, Avenue de la Gare, 1611, Luxembourg, Luxembourg	Ordinary shares	100 %
IPM Puerto Rico Holdings, Inc	Road 337, Km. 3.7, Bo. Tallaboa Poniente, Penuelas, PR 006249804, Puerto Rico	Ordinary shares	100 %
IPM Royale (ii, iii)	Wellington 6011 New Zealand	Ordinary shares	100 %

Note (i): Company was dissolved on 3 July 2019
Note (ii): An unlimited company
Note (iii): Company in the process of being liquidated
Note (iv): Company is a direct investment in IPM Peacock Limited

10. Debtors

	31 December 2018 US$'000	*31 December 2017 US$'000*
Amounts owed by ENGIE group undertakings - loan	**606,321**	*596,711*
Amounts owed by ENGIE group undertakings - interest	**3,860**	*2,567*
Amounts owed by ENGIE group undertakings - current account	**3,669**	*8,086*
	613,850	*607,364*

ENGIE group undertakings are subsidiaries of ENGIE S.A.

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

11. Creditors: amounts falling due within one year

	31 December 2018 US$'000	*31 December 2017 US$'000*
Amounts owed to ENGIE group undertakings - loan	**309,230**	*386,039*
Amounts owed to ENGIE group undertakings - interest	**2,445**	*2,814*
	311,675	*388,853*

ENGIE group undertakings are companies with the ENGIE group.

11. Creditors: amounts falling due within one year (continued)

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

Within amounts owed to ENGIE group undertakings – loan are interest free loans of US$959,000 *(2017: US$961,000).*

12. Loans and other debts due to Members

	31 December 2018 US$'000	*31 December 2017 US$'000*
Other amounts owed to Member - loan	**1,832**	*1,871*

Other amounts owed to Member - loan is unsecured, subject to floating rates of interest plus a margin and repayable on demand.

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

13. Related party disclosures

As at 31 December 2018 and 31 December 2017, the Partnership was a wholly owned subsidiary of IPM Eagle LLP, a partnership owned 70% by a wholly owned subsidiary of ENGIE S.A., 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 wholly owned subsidiaries of IPM Eagle LLP.

Transactions entered into with related parties that are not wholly owned by IPM Eagle LLP and balances outstanding with related parties are as follows:

	Year ended 31 December 2018 US$'000	*Year ended 31 December 2017 US$'000*
Interest income		
Other related parties	**114**	*36*

	Year ended 31 December 2018 US$'000	*Year ended 31 December 2017 US$'000*
Interest expense		
Other related parties	**1,998**	*1,001*

	31 December 2018 US$'000	*31 December 2017 US$'000*
Amounts owed by related parties		
Subsidiaries	**610,181**	*599,278*
Other related parties	**3,669**	*8,086*
	613,850	*607,364*

	31 December 2018 US$'000	*31 December 2017 US$'000*
Amounts owed to related parties		
Members	**1,832**	*1,871*
Subsidiaries	**311,675**	*309,961*
Other related parties	**-**	*78,892*
	313,507	*390,724*

Other related parties comprise fellow subsidiaries of ENGIE S.A. not owned by the Partnership.

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

14. Controlling party

The Partnership is controlled by IPM Eagle LLP, the registered address of which 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.