

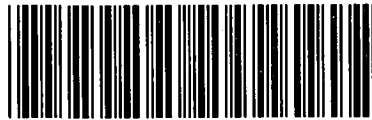
Registered number: 09022986

IPM HOLDINGS (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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IPM HOLDINGS (UK) LIMITED

COMPANY INFORMATION

DIRECTORS	D Alcock W Petrie S Pinnell M Ichikawa T Wakahara
COMPANY SECRETARY	S Gregory
REGISTERED NUMBER	09022986
REGISTERED OFFICE	Level 20 25 Canada Square London E14 5LQ
INDEPENDENT AUDITOR	Ernst & Young LLP Citygate St James' Boulevard Newcastle upon Tyne NE1 4JD

IPM HOLDINGS (UK) LIMITED

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IPM HOLDINGS (UK) LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

INTRODUCTION

The Directors present their Strategic report for IPM Holdings (UK) Limited (the Company) for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company. The Company's immediate parent company is IP Karugamo Holdings (UK) Limited. The Directors consider the Company's ultimate holding company to be ENGIE S.A which is incorporated in France and is headquartered in Paris, France.

BUSINESS REVIEW

As shown in the income statement on page 7, the Company made a loss after tax of £1,048,000 (2017: loss of £320,725,000). The reduction in the loss in the current financial year compared to the previous financial year is predominately due to amounts written off investments and higher interest payable in the prior year offset by dividends received in the prior year.

The statement of financial position, on page 8, shows the Company's financial position at the end of the current and preceding year. The net assets have decreased from £158,311,000 to £7,263,000 predominately as a result of the loss for the financial year as well as dividends paid during the year.

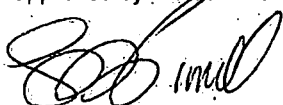
PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

With respect to treasury activities, the Company's financial counterparty credit exposure is principally limited to cash pooling arrangements with ENGIE Treasury Management S.a.r.l., also included within 'Amounts owed by group undertakings - current accounts'. This results in a concentration of risk to the ENGIE group, but the risk of default remains low given ENGIE's strong credit rating.

This report was approved by the board on 30 September 2019 and signed on its behalf.

S Pinnell
Director



IPM HOLDINGS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report and the audited financial statements of IPM Holdings (UK) Limited (the Company) for the year ended 31 December 2018.

MATTERS INCLUDED IN THE STRATEGIC REPORT

The following information has been disclosed in the Strategic report:

- Principal activities
- Business review
- Principal risks and uncertainties

RESULTS AND DIVIDENDS

The loss for the financial year, after taxation, amounted to £1,048,000 (2017: loss of £320,725,000).

The Directors approved an interim dividend of £150,000,000 which was paid on 27 February 2018 (2017: £388,276,000). The Directors do not propose a final dividend for the year ended 31 December 2018 (2017: Nil).

DIRECTORS

The Directors who served during the financial year and up to the date of signing the financial statements were:

- D Alcock (appointed 11 May 2018)
- W Petrie
- S Pinnell (appointed 8 May 2018)
- S Gregory (appointed 21 October 2018; resigned 31 August 2019)
- M Ichikawa (appointed 1 April 2019)
- Y Fukumori (resigned 5 January 2018)
- T Wakahara (appointed 1 April 2019)
- I Kajimura (appointed 5 January 2018; resigned 31 March 2019)
- H Kayamori (resigned 31 March 2019)
- J Sandhu (resigned 28 September 2018)
- P Tavares Almirante (resigned 1 February 2018)

SHARE CAPITAL

The Company's share capital comprises 1,000 ordinary shares of £0.001 each.

GOING CONCERN

The Company's activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The Company's Directors have a reasonable expectation that the Company 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.

FUTURE DEVELOPMENTS

The Company has no significant future developments to report.

IPM HOLDINGS (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

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

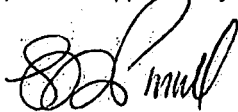
POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

INDEPENDENT AUDITOR

During the year Ernst & Young LLP was appointed as auditor of the Company and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 30 September 2019 and signed on its behalf.



S Pinnell
Director

IPM HOLDINGS (UK) LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements of IPM Holdings (UK) Limited (the Company) in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements of IPM Holdings (UK) Limited (the Company) for each financial year. Under that law the Directors have elected to prepare the financial statements of IPM Holdings (UK) Limited (the Company) in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements of IPM Holdings (UK) Limited (the Company) unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements of IPM Holdings (UK) Limited (the Company), the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IPM HOLDINGS (UK) LIMITED

Opinion

We have audited the financial statements of IPM Holdings (UK) Limited (the Company) for the year ended 31 December 2018 which comprise the Income statement, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company'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 directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors 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 directors 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 directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

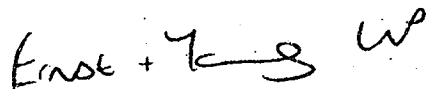
Auditor's responsibilities for the audit of the financial statements

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 FRC'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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

IPM HOLDINGS (UK) LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Administrative expenses		(280)	(7,470)
Operating loss		(280)	(7,470)
Income from shares in group undertakings		-	795,257
Amounts written off investments		-	(1,147,154)
Gain on disposal of investments		-	42,782
Reversal of provision against amounts due from group undertakings		-	5,282
Restructuring expenses		-	(5,252)
Other losses		-	(57)
Interest receivable and similar income	7	231	4,872
Interest payable and similar expenses	8	(3)	(13,012)
Loss before tax		(52)	(324,752)
Tax (expense)/credit on loss	9	(996)	4,027
Loss for the financial year		(1,048)	(320,725)

There were no recognised gains and losses for the financial years ended 31 December 2018 or 2017 other than those included in the income statement.

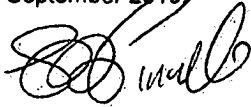
The notes on pages 10 to 18 form part of these financial statements.

IPM HOLDINGS (UK) LIMITED
REGISTERED NUMBER: 09022986

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Current assets			
Debtors: amounts falling due within one year	11	12,814	173,415
Total assets		<u>12,814</u>	<u>173,415</u>
Creditors: amounts falling due within one year	12	(5,551)	(15,104)
Total assets less current liabilities		<u>7,263</u>	<u>158,311</u>
Net assets		<u>7,263</u>	<u>158,311</u>
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account	14	7,263	158,311
Total equity		<u>7,263</u>	<u>158,311</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2019



S Pinnell
Director

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

IPM HOLDINGS (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2017	1	200,264	667,047	867,312
Loss for the financial year	-	-	(320,725)	(320,725)
Dividends paid (note 10)	-	-	(388,276)	(388,276)
Capital reduction (notes 13 and 14)	(1)	(200,264)	200,265	-
At 1 January 2018	-	-	158,311	158,311
Loss for the financial year	-	-	(1,048)	(1,048)
Dividends paid (note 10)	-	-	(150,000)	(150,000)
At 31 December 2018	-	-	7,263	7,263

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

IPM HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

IPM Holdings (UK) Limited (the Company) is a private limited company incorporated and domiciled in England and limited by shares. The address of its registered office is Level 20, 25 Canada Square, London, E14 5LQ, England. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 1.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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

Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations

The Company 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 Company.

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

The Company 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 Company.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- 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

IPM HOLDINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Financial reporting standard 101 - reduced disclosure exemptions (continued)

The Company is a 75% owned subsidiary of IP Karugamo Holdings (UK) Limited, a wholly owned subsidiary of its ultimate parent, ENGIE S.A. 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, the Company is exempt from the requirement to prepare consolidated financial statements. Consequently, these financial statements present information about the Company as an individual undertaking and not its group. The consolidated financial statements of ENGIE S.A. can be obtained as set out in note 17.

2.3 GOING CONCERN

The Company's activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The Company's Directors have a reasonable expectation that the Company 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.

2.4 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentation currency is Sterling. Monetary amounts presented are rounded to the nearest thousand pounds.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income'.

2.5 INTEREST INCOME

Interest income is recognised in the Income Statement using the effective interest method.

2.6 INTEREST EXPENSE

Interest expense is charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

IPM HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.7 TAXATION

Tax is recognised in the Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax expense is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.8 FINANCIAL INSTRUMENTS

The Company 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 Company's 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 Company 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 Company requires

IPM HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.8 FINANCIAL INSTRUMENTS (continued)

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.

2.9 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY

The preparation of 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 year.

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

Recoverable amount of debtors

Management regularly assesses whether there is objective evidence that an impairment loss on debtors has been incurred. The Company'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 £12,814,000 (2017: £173,415,000).

IPM HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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:

	2018 £000	2017 £000
Auditor's remuneration for the financial year	<u>8</u>	<u>8</u>

5. EMPLOYEES

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

6. DIRECTORS' REMUNERATION

The Directors did not receive any fees or emoluments from the Company during the year (2017: *£nil*) directly attributable to their position within the Company. There exist no qualifying services from Directors attributable to the Company and Director fees are paid by other entities in their management of the group as a whole (of which *£nil* is applicable to this entity).

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £000	2017 £000
Interest receivable from group undertakings	<u>231</u>	<u>4,872</u>

Group undertakings are subsidiaries of ENGIE S.A.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £000	2017 £000
Interest paid to group undertakings	-	10,544
Other interest expense	3	2,468
	<u>3</u>	<u>13,012</u>

Group undertakings are subsidiaries of ENGIE S.A.

IPM HOLDINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. TAXATION

	2018 £000	2017 £000
Corporation tax expense/(credit)		
Current tax on loss for the financial year	(10)	(4,016)
Adjustments in respect of previous periods	1,006	-
Total current tax expense/(credit)	996	(4,016)
Deferred tax		
Origination and reversal of timing differences	-	(11)
Total deferred tax	-	(11)
Taxation expense/(credit) on loss	996	(4,027)

Factors affecting tax expense/(credit) for the year

The tax assessed for the year is higher than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £000	2017 £000
Loss before tax	(52)	(324,752)
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(10)	(62,515)
Effects of:		
Tax effect of non-deductible or non-tax items	-	58,488
Prior period adjustment	1,006	-
Total tax expense/(credit) for the year	996	(4,027)

IPM HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9. TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX EXPENSES

The tax rate for the current period 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 2017 and to 17% from 1 April 2020. This will reduce the Company's tax expenses accordingly.

10. DIVIDENDS

	2018 £000	2017 £000
Dividends paid	150,000	388,276

On 27 February 2018, the Directors approved and paid an interim dividend of £150,000,000 (2017: £388,276,000).

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000	2017 £000
Amounts owed by group undertakings - current accounts	12,068	164,715
Amounts owed by group undertakings - other	-	5,867
Other debtors	-	288
Group relief recoverable	746	2,545
	<u>12,814</u>	<u>173,415</u>

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

IPM HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000	2017 £000
Amounts owed to group undertakings - parent	5,551	15,054
Amounts owed to other related parties	-	50
	<u>5,551</u>	<u>15,104</u>

'Amounts owed to group undertakings - parent' are unsecured and interest free.

13. SHARE CAPITAL

	2018 £000	2017 £000
Allotted, called up and fully paid		
950 ordinary class A shares (2017: 950) of £0.001 each and 50 ordinary class B shares (2017: 50) of £0.001 each	-	-
	<u>-</u>	<u>-</u>

Both the class A and class B shares have attached to them full dividend and capital distribution rights, but the class B shares have no voting rights.

On 20 September 2017, the Company undertook a share capital reduction, decreasing the par value of the shares to £0.001 each. In 2017, the share capital was reduced by £999 and the share premium account was reduced by £200,264,000.

14. RESERVES

Share premium account

The share premium account represents the difference between the issue price and the nominal value of shares issued. On 20 September 2017, the Company undertook a share premium reduction of £200,264,000.

Profit and loss account

The profit and loss account records the cumulative amount of profits and losses less any distributions of dividends.

IPM HOLDINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. RELATED PARTY TRANSACTIONS

As at 31 December 2018 and 31 December 2017, the Company was a wholly owned subsidiary of IP Karugamo Holdings (UK) Limited which is wholly owned by ENGIE S.A. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 and has therefore not disclosed transactions with other wholly owned entities of ENGIE S.A. There are no transactions with related parties that are not wholly owned by ENGIE S.A.

The balances outstanding with related parties are as follows:

	2018 £000	2017 £000
Amounts owed by related parties		
Subsidiaries	-	5,867
Other related parties	12,068	164,715
	<u>12,068</u>	<u>170,582</u>
Amounts owed to related parties		
Parent - International Power Ltd. and IP Karugamo Holdings (UK) Limited	5,551	15,054
Other related parties	-	50
	<u>5,551</u>	<u>15,104</u>

16. POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

17. CONTROLLING PARTY

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

The Directors consider the Company'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 Company 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.