

Registered number: 02767875

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## NATIONAL POWER INTERNATIONAL HOLDINGS

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### ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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**NATIONAL POWER INTERNATIONAL HOLDINGS**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	S Pinnell D Alcock
<b>COMPANY SECRETARY</b>	S Gregory
<b>REGISTERED NUMBER</b>	02767875
<b>REGISTERED OFFICE</b>	Level 20 25 Canada Square London E14 5LQ
<b>INDEPENDENT AUDITOR</b>	Ernst & Young LLP Citygate St James' Boulevard Newcastle-upon-Tyne United Kingdom NE1 4JD

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## NATIONAL POWER INTERNATIONAL HOLDINGS

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## NATIONAL POWER INTERNATIONAL HOLDINGS

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

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#### INTRODUCTION

The Directors present their Strategic Report of National Power International Holdings (the Company) for the year ended 31 December 2018.

#### PRINCIPAL ACTIVITIES

The Company is an investment holding company.

#### BUSINESS REVIEW

The loss for the financial year after taxation amounted to €144,638,000 (2017: profit of €85,986,000).

As shown in the income statement on page 8, the Company made a loss in the financial year compared to a profit for the preceeding financial year. This movement is predominantly due to a reduction in income from shares in group undertakings and a larger amount written off investments in the current financial year.

The statement of financial position, on page 9, shows the Company's financial position at the end of the current and preceeding financial year. The net assets have decreased from €1,213,700,000 to €1,069,062,000 because of the loss for the financial year.

The Directors do not monitor the performance of the Company 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.

#### Impairments

On 31 December 2018 the Company performed an impairment test on all of its investments. The carrying value of International Power (Fawkes) was subsequently impaired by €1,861,000 (2017: €nil) and of TrustEnergy B.V. (formerly National Power International Holdings B.V.) by €193,121,000 (2017: €46,473,000).

#### PRINCIPAL RISKS AND UNCERTAINTIES

The identification, assessment, pursuit and management of opportunities and the associated risks is an integral part of the management and processes of the Company. The Company has processes in place for managing the exposure within a specified opportunity and risk management framework, including:

##### Investments in group undertakings

The Company holds a number of investments in subsidiary companies. Although the Directors are satisfied that the recoverable amounts of the Company's investments are not less than their book value as at 31 December 2018, there is a risk that in future periods the book value may become impaired. The Directors have assessed this exposure as acceptable.

##### Credit risk

The largest receivables relate to amounts lent to undertakings within the ENGIE group. The Company continually reviews its receivable position and the credit risk associated with this position. The Directors believe that payment default remains a low risk and have assessed this exposure as acceptable.

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 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.

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## NATIONAL POWER INTERNATIONAL HOLDINGS

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Currency risk

The Company has transactions in currencies other than its functional currency. Transaction exposures arise when dividends or other funds are remitted from the Company's overseas investees. Transaction exposure also arises on interest income on amounts owed by group undertakings denominated in sterling and US dollars. The Directors have assessed the exposure to currency transaction risk as acceptable.

The Company has translation risk on monetary assets and liabilities denominated in currencies other than its functional currency. As at 31 December 2018 the Company has group relief recoverable recorded in sterling totalling £58,627,000 (€65,103,000) (2017: £56,278,000 (€63,432,000)) and a GBP treasury account £18,010 (€20,000) (2017: £17,745 (€20,000)) as well as a USD treasury account US\$1,144 (€1,000) (2017: US\$1,198 (€1,000)).

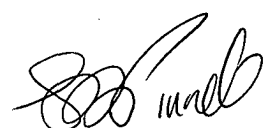
The Company does not have sufficient foreign currency liabilities to offset this foreign exchange exposure. It is not the Company's policy to hedge currency translation exposures through foreign exchange contracts or currency swaps. Although the net foreign currency asset creates volatility in earnings from period to period, the Directors have assessed this exposure as acceptable.

#### Interest rate risk

The Company 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 €149,255,000 (2017: €531,240,000) earned interest at floating rates plus a margin. Interest-bearing liabilities with a nominal value of €nil (2017: €430,400,000) accrued interest at floating rates plus a margin. Although the rates of interest are variable and create volatility in earnings from period to period, the Directors have assessed this risk as acceptable.

This report was approved by the Board on 18 September 2019 and signed on its behalf.



**S Pinnell**  
Director

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## NATIONAL POWER INTERNATIONAL HOLDINGS

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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The Directors present their report and the audited financial statements the Company for the year ended 31 December 2018.

#### MATTERS COVERED 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 €144,638,000 (2017: profit of €85,986,000).

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2018 (2017: €nil).

#### DIRECTORS

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

D Alcock (appointed 1 October 2018)  
S Gregory (appointed 7 June 2019, resigned 31 August 2019)  
S Pinnell  
S Mingham (resigned 10 May 2019)  
J Sandhu (resigned 28 September 2018)

#### SHARE CAPITAL

The Company's share capital comprises 227,550,208 ordinary shares of £1.00 each which rank pari passu with each other in respect of all rights, including dividend, voting and return of capital.

#### 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.

#### EMPLOYEES

The Company had no employees (2017: none) and incurred no related costs during the financial year (2017: €nil).

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**NATIONAL POWER INTERNATIONAL HOLDINGS**

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

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**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.

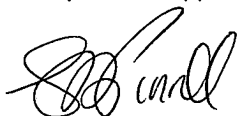
**POST BALANCE SHEET EVENTS**

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

**INDEPENDENT AUDITOR**

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

This report was approved by the board on 18 September 2019 and signed on its behalf.



**S Pinnell**  
Director

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## **NATIONAL POWER INTERNATIONAL HOLDINGS**

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

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The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements the Company in accordance with applicable law and regulations.

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

In preparing these financial statements the 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 NATIONAL POWER OMAN INVESTMENTS LTD**

### **Opinion**

We have audited the financial statements of National Power Oman Investments Ltd (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 18, 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 UK, 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 the 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 the 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 5, 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.

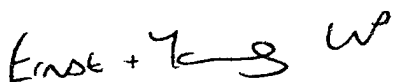
### **Auditor's responsibilities for the audit of the financial statements**

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  
20 September 2019

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**NATIONAL POWER INTERNATIONAL HOLDINGS**

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**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	Note	2018 €'000	2017 €'000
Income from shares in group undertakings		48,750	135,000
Amounts written off investments	10	(194,982)	(46,473)
Interest receivable and similar income	6	198	901
Interest payable and similar expenses	7	(276)	(1,199)
Other finance expense	8	-	(1)
<b>(Loss)/profit before tax</b>		<b>(146,310)</b>	<b>88,228</b>
Tax on (loss)/profit	9	1,672	(2,242)
<b>(Loss)/profit for the financial year</b>		<b>(144,638)</b>	<b>85,986</b>

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

The notes on pages 11 to 21 form part of these financial statements.

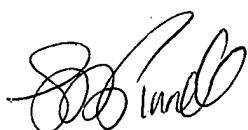
All results are derived from continuing operations.

**NATIONAL POWER INTERNATIONAL HOLDINGS**  
**REGISTERED NUMBER: 02767875**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	2018 €000	2017 €000
<b>Fixed assets</b>			
Investments	10	855,385	1,050,367
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	214,466	595,536
		214,466	595,536
Creditors: amounts falling due within one year	12	(789)	(432,203)
<b>Net current assets</b>		213,677	163,333
<b>Total assets less current liabilities and net assets</b>		1,069,062	1,213,700
<b>Capital and reserves</b>			
Called up share capital	13	272,417	272,417
Profit and loss account	14	796,645	941,283
<b>Total equity</b>		1,069,062	1,213,700

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



**S Pinnell**  
 Director  
 Date: 18 September 2019

The notes on page 11 to 21 form part of these financial statements.

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**NATIONAL POWER INTERNATIONAL HOLDINGS**

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

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
At 1 January 2017	<b>272,417</b>	<b>855,297</b>	<b>1,127,714</b>
Profit for the financial year	-	<b>85,986</b>	<b>85,986</b>
At 1 January 2018	<b>272,417</b>	<b>941,283</b>	<b>1,213,700</b>
Loss for the financial year	-	<b>(144,638)</b>	<b>(144,638)</b>
<b>At 31 December 2018</b>	<b>272,417</b>	<b>796,645</b>	<b>1,069,062</b>

The notes on pages 11 to 21 form part of these financial statements.

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## NATIONAL POWER INTERNATIONAL HOLDINGS

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

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#### 1. GENERAL INFORMATION

National Power International Holdings (the Company) is a private unlimited company incorporated and domiciled in England. The address of its registered office is Level 20, 25 Canada Square, London E14 5LQ, United Kingdom. The nature of the Company's operations and its principal activities are set out in the Strategic 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 of financial statements

The Company 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 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 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:

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## NATIONAL POWER INTERNATIONAL HOLDINGS

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

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## 2. ACCOUNTING POLICIES (continued)

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

- paragraph 79(a)(iv) of IAS 1;
- 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 IAS 7 Statement of Cash Flows
- 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

The Company is a wholly owned subsidiary of International Power Consolidated Holdings Limited and 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 and paragraph 4(a) of IFRS 10 Consolidated Financial Statements, the Company is exempt from the requirement to prepare consolidated financial statements. Consequently, these separate financial statements present information about the Company as an individual undertaking and not its group. 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 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 currency and presentation currency is euro. All monetary amounts are rounded to the nearest thousand euros.

#### 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

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## NATIONAL POWER INTERNATIONAL HOLDINGS

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

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#### 2. ACCOUNTING POLICIES (continued)

##### 2.4 Foreign currency translation (continued)

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 'other finance expense'.

##### 2.5 Dividend income

Dividend income is recognised in the Income Statement when the Company's right to receive payment is established.

##### 2.6 Interest income

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

##### 2.7 Interest expense

Interest expense is recognised in 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.

##### 2.8 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.

##### 2.9 Fixed asset investments

Fixed asset investments are stated at cost less provision for any impairment. At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company 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.

##### 2.10 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.



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## NATIONAL POWER INTERNATIONAL HOLDINGS

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

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## 2. ACCOUNTING POLICIES (continued)

### 2.10 Financial instruments (continued)

#### Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

#### 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 expected lifetime losses to be recognised from initial recognition of the receivables. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

#### Financial liabilities

#### At amortised cost

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

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

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 Company 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 Company's financial statements predominately relate to the measurement of the recoverable amount of investments and the recoverable amount of debtors.

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## NATIONAL POWER INTERNATIONAL HOLDINGS

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

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#### 3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES (continued)

##### Recoverable amount of investments

Determining whether the Company's investments in its subsidiaries and participating interests 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 be generated from the investees and suitable discount rates in order to calculate present values. The carrying amount of the investments at the reporting date was €855,385,000 (2017: €1,050,367,000) with an impairment loss of €194,982,000 recognised in the current year (2017: €46,473,000).

##### 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 debtors at the reporting date was €214,466,000 (2017: €595,536,000).

There are no key accounting judgments used in preparing the Company's financial statements.

#### 4. DIRECTORS' AND EMPLOYEES' 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 Directors' fees are paid by other entities in their management of the group as a whole (of which *€nil* is applicable to this entity.)

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

#### 5. AUDITOR'S REMUNERATION

The auditor's remuneration in respect of the statutory audit for the year 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	5	6

#### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 €000	2017 €000
Interest receivable from group undertakings	198	901

Group undertakings are subsidiaries of ENGIE S.A.

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**NATIONAL POWER INTERNATIONAL HOLDINGS**

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

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**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2018</b>	<b>2017</b>
	<b>€000</b>	<b>€000</b>
Interest payable to group undertakings	<u>276</u>	<u>1,199</u>

Group undertakings are subsidiaries of ENGIE S.A.

**8. OTHER FINANCE EXPENSE**

	<b>2018</b>	<b>2017</b>
	<b>€000</b>	<b>€000</b>
Net foreign exchange loss	<u>-</u>	<u>(1)</u>

**9. TAXATION**

	<b>2018</b>	<b>2017</b>
	<b>€000</b>	<b>€000</b>
<b>Corporation tax</b>		
Current tax expense on loss/profit for the year	503	2,242
Prior year tax adjustment	<u>(2,175)</u>	<u>-</u>
<b>Total current tax (credit)/expense</b>	<u><u>(1,672)</u></u>	<u><u>2,242</u></u>

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**NATIONAL POWER INTERNATIONAL HOLDINGS**

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

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**9. TAXATION (continued)**

**Factors affecting tax (credit)/expense for the year**

The current year applicable statutory tax rate is 19%.

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

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)/profit before tax	<u>(146,310)</u>	<u>88,228</u>
(Loss)/profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(27,799)	16,984
<b>Effects of:</b>		
Non-deductible impairment loss	37,047	8,946
Prior year tax adjustment	(2,175)	-
Dividends from UK companies	(9,263)	(25,987)
Foreign exchange loss on tax balance	518	2,299
<b>Total tax (credit)/expense for the year</b>	<u><u>(1,672)</u></u>	<u><u>2,242</u></u>

**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 2017 and to 17% from 1 April 2020. This will reduce the Company's tax expenses accordingly.

## NATIONAL POWER INTERNATIONAL HOLDINGS

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

#### 10. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies €000
<b>Cost</b>	
At 1 January 2017	3,008,621
At 31 December 2018	<u>3,008,621</u>
<b>Impairment</b>	
At 1 January 2017	1,958,254
Impairment loss for the year	194,982
At 31 December 2018	<u>2,153,236</u>
<b>Net book value</b>	
At 31 December 2018	<u><u>855,385</u></u>
At 31 December 2017	<u><u>1,050,367</u></u>

On 31 December 2018 the Company performed an impairment test on all of its investments. The carrying value of International Power (Fawkes) was subsequently impaired by €1,861,000 (2017: €nil) and of TrustEnergy B.V. (formerly National Power International Holdings B.V.) by €193,121,000 (2017: €46,473,000).

For impairment testing purposes a discount rate of 8.2% - 8.4% was applied.

#### **Subsidiary undertakings and significant holdings**

The following were directly held subsidiary undertakings and significant holdings of the Company:

Name	Registered office	Class of shares	Holding
International Power (Fawkes) (i)	Level 20, 25 Canada Square, London E14 5LQ, United Kingdom	Ordinary shares	100%
International Power Luxembourg Holdings Limited	Level 20, 25 Canada Square, London E14 5LQ, United Kingdom	Ordinary shares	100%
Levanto Structured Energy (Lux) S.a.r.l.	65, Avenue de la Gare, 1611 LUXEMBOURG, Luxembourg	Ordinary shares	100%

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## NATIONAL POWER INTERNATIONAL HOLDINGS

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

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#### Subsidiary undertakings and significant holdings (continued)

Name	Registered office	Class of shares	Holding
International Power Holdings B.V.	Grote Voort 291, 8041BL ZWOLLE, Netherlands	Ordinary shares	100%
TrustEnergy B.V.	Level 20, 25 Canada Square, London E14 5LQ, United Kingdom	Ordinary shares	50%
International Power Luxembourg Finance Limited	Level 20, 25 Canada Square, London E14 5LQ, United Kingdom	Ordinary shares	100%
ENGIE Windpark LÖVENICH GmbH	Friedrichstraße 200, 10117 Berlin, Germany	Ordinary shares	100%
ENGIE Windpark Molau GmbH	Friedrichstraße 200, 10117 Berlin, Germany	Ordinary shares	100%
ENGIE Windpark PECKELSHEIM GmbH	Friedrichstraße 200, 10117 Berlin, Germany	Ordinary shares	100%
ENGIE Windpark Portfolio 1 GmbH	Friedrichstraße 200, 10117 Berlin, Germany	Ordinary shares	100%
Mirador Holdings B.V.	Grote Voort 291, 8041BL ZWOLLE, Netherlands	Ordinary shares	100%

(i) An unlimited company

#### 11. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR

	2018 €000	2017 €000
Amounts owed by group undertakings - loans	100,437	319,716
Amounts owed by group undertakings - interest	108	864
Amounts owed by group undertakings - current accounts	48,818	211,524
Group relief recoverable	65,103	63,432
	<u>214,466</u>	<u>595,536</u>

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

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## NATIONAL POWER INTERNATIONAL HOLDINGS

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

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#### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 €000	2017 €000
Amounts owed to group undertakings - loan	-	430,400
Amounts owed to group undertakings - interest	148	1,163
Accruals	641	640
	<u>789</u>	<u>432,203</u>

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

#### 13. SHARE CAPITAL

	2018 €000	2017 €000
<b>Issued, called up and fully paid</b>		
227,550,208 (2017: 227,550,208) ordinary shares of £1.00 each	<u>272,417</u>	<u>272,417</u>

The Company is neither limited by share capital nor limited by guarantee (i.e. its liability is unlimited).

The share capital represents the ordinary shares in the Company which carry rights to participate in the distribution of dividends or capital of the Company.

Ordinary shares rank pari passu with each other in respect of all rights, including dividend, voting and return of capital.

#### 14. RESERVES

##### Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

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## NATIONAL POWER INTERNATIONAL HOLDINGS

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

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#### 15. RELATED PARTY TRANSACTIONS

As at 31 December 2018 and 31 December 2017, the Company was a wholly owned subsidiary of International Power Consolidated Holdings 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 wholly owned entities of ENGIE S.A.

The balances outstanding with related parties are as follows:

	2018 €000	2017 €000
<b>Amounts owed by related parties</b>		
Parent - International Power Ltd.	56,042	276,173
Subsidiaries	44,503	44,406
Other related parties	48,818	211,525
	<u>149,363</u>	<u>532,104</u>
	2018 €000	2017 €000
<b>Amounts owed to related parties</b>		
Parent - International Power Ltd.	<u>148</u>	<u>431,563</u>

Other related parties comprise fellow subsidiaries of ENGIE S.A. not owed by the Company, and participating interests that are not directly owned by the Company.

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

#### 16. POST BALANCE SHEET EVENTS

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

#### 17. CONTROLLING PARTY

The Company's immediate parent undertaking is International Power Consolidated Holdings Limited, the registered address of which is Level 20, 25 Canada Square, London E14 5LQ, United Kingdom.

The Directors consider the Company's ultimate parent undertaking and 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.