

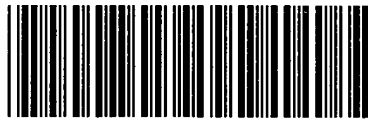
IPM ENERGY TRADING LIMITED

Company No: 2462479

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2014

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IPM Energy Trading Limited
Company Registration No. 2462479

Report and financial statements 2014

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IPM Energy Trading Limited

Company Registration No. 2462479

Notes to the accounts

For the year ended 31 December 2014

The Directors present their Strategic report of IPM Energy Trading Limited for the year ended 31 December 2014.

Principal activities

The principal activity of the Company is to trade the output and fuel requirements of Group companies being International Power Ltd.'s UK portfolio of power stations including Deeside Power (UK) Limited, Saltend Co-generation Company Limited, Indian Queens Power Limited, First Hydro Company and Rugeley Power Limited and the Company's trading entity IPM Portfolio Trading Limited which trades energy products on behalf of the power stations within the Group.

Sales and purchases on behalf of the affiliates are excluded from turnover and from cost of sales.

Business review and future prospects

The Company acts as a trading company for six of the UK power stations owned by International Power Ltd. and Mitsui & Co., Ltd. It operates through a series of back to back contracts between International Power Ltd.'s UK portfolio of power stations, itself and the external energy commodities markets including markets for trading electricity, gas, financial coal and carbon emissions.

On 1 July 2014, the Company took over the trading activity of IPM Portfolio Trading Limited, a group company that was part of the International Power Ltd. and Mitsui & Co., Ltd joint venture. As a result, the Company also enters into transactions to manage the retail electricity and gas positions of both external and Group companies which resulted in a trading profit for the year.

The remaining movements in profit and loss are driven mainly by interest payment and receipts.

The Company does not generate any of its own electricity.

Principal risks and uncertainties

Competitive pressure in the UK electricity market is a continuing risk for the Company, with the ongoing market volatility impacting future returns. To manage this risk, the Company strives to provide value-added products to its customers by maintaining strong relationships with both customers and suppliers.

In 2014, as part of the UK government's Energy Market Reform program, the Capacity Market came into effect which directly impacts the power stations operated by the Group and may indirectly impact the Company. The Company continually monitors its activities and risks with respect to the Capacity Market.

The Company operates within the Euro denominated EU Emissions Trading Scheme and USD denominated financial coal trades, and is therefore exposed to currency movements on such trades.

The Company operates in an evolving European energy regulatory environment including regulations such as Energy Markets Infrastructure Regulation (EMIR) and Regulation on Energy Market Integrity and Transparency (REMIT) coming into effect. The Company operates within applicable regulations and works with regulatory advisors within the ENGIE Group and Industry to ensure it remains compliant.

Employees

The Company had no employees (2013: none) and incurred no related costs in the financial year (2013: £nil).

IPM Energy Trading Limited
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Strategic report (continued)

Future developments

The Company has no significant future developments to report.

By order of the Board


S Ihara
Director

IPM Energy Trading Limited

Company Registration No. 2462479

Directors' report

The Directors present their report and audited financial statements of IPM Energy Trading Limited for the year ended 31 December 2014.

The following information has been disclosed in the Strategic report:

- Principal activities
- Business review and future prospects
- Principal risks and uncertainties
- Employees
- Future developments

Directors

The following directors, who served during the year and subsequent to the year end, do not have any beneficial interests in the share capital of the Company requiring disclosure the Companies Act 2006.

Company secretary

RD Simpson (resigned 23 June 2014)
HS Berger

Directors

DG Alcock
S Bateman
A Garner
I Kajimura (resigned 01 July 2015)
S Ihara (appointed 01 July 2015)
P Guillot

Directors' and officers' liability insurance

During the year ended 31 December 2014, the Company's ultimate parent company, ENGIE S.A., maintained insurance for the Directors to indemnify them against certain liabilities which they may incur in their capacity as Directors or officers of the Company, including liabilities in respect of which the Company itself is unable to provide an indemnity.

Political donations

The Company did not make any political donations during the year (2013: £nil).

Results and dividends

The loss after tax for the year was £39,339,000 (2013: loss of £2,571,000). The Directors do not recommend the payment of a dividend (2013: £nil).

The loss for the year and the acquisition of IPM Portfolio Trading Limited decreased the shareholder's deficit from £(60,542,000) to a surplus of £85,934,000.

IPM Energy Trading Limited
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Directors' report (continued)

Prompt payment policy

The Company aims to observe the highest standards of business practice as both buyer and seller of products and services. The Company's average number of days outstanding in respect of trade creditors as at 31 December 2014 was 34 days (2013: 28 days). The Company's average number of days in respect of debtors was 30 days (2013: 25 days).

Disclosure of information to the auditor

Deloitte LLP was appointed as the Company's statutory auditor for 2014. The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company'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.

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. The parent company have confirmed by way of a Letter of Support that they will continue to supply financial support to the Company for a period of at least 12 months after these financial statements have been signed. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

In addition, the Company issued 1,000 ordinary shares at £1 each on 1 July 2014 in consideration for the purchase of the business and related assets and liabilities of IPM Portfolio Trading Limited.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

By order of the Board



S Ihara
Director

28th September 2015

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Signed on behalf of the Board of Directors of IPM Energy Trading Limited on 28th September 2015.



S Ihara
Director

Independent auditor's report to the members of IPM Energy Trading Limited

Company Registration No. 2462479

We have audited the financial statements of IPM Energy Trading Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet, the reconciliation of movement in shareholder's deficit/funds, the cash flow statement, and the related notes 1 to 17. 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).

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.

Respective responsibilities of Directors and Auditor

As explained in greater detail within 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of IPM Energy Trading Limited (continued)

Company Registration No. 2462479

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



Makhan Chahal ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

30th September 2015

IPM Energy Trading Limited
Company Registration No. 2462479

Profit and loss account
For the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Turnover		748,799	-
Cost of sales		(742,814)	-
Gross profit		<u>5,985</u>	<u>-</u>
Net operating costs		(1,251)	(302)
Provisions	17	-	1,469
Impairment	6	(42,580)	-
Operating (Loss)/Profit		<u>(37,846)</u>	<u>1,167</u>
Net interest payable	3	(3,138)	(4,516)
Loss on ordinary activities before tax	2	<u>(40,984)</u>	<u>(3,349)</u>
Tax on loss on ordinary activities	5	1,645	778
Loss for the financial year		<u><u>(39,339)</u></u>	<u><u>(2,571)</u></u>

The notes on pages 12 to 22 form part of these financial statements.

There are no gains or losses other than those recognised above; as a result no Statement of Recognised Gains and Losses has been prepared. All results arose from continuing operations.

There is no difference between the results as disclosed above and the result on an unmodified historical cost basis.


IPM Energy Trading Limited
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Balance sheet
As at 31 December 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Investments	6	119,019	60,317
Long term derivative assets	8	9,264	1,074
Loan from Group		20,000	-
		<u>148,283</u>	<u>61,391</u>
Current assets			
Debtors	7	425,308	419,365
Current derivative assets	8	24,258	494
Investments	9	-	3,000
Cash at bank and in hand		1,472	16,491
		<u>451,038</u>	<u>439,350</u>
Total current assets		451,038	439,350
Creditors: amounts falling due within one year	10	(486,828)	(559,715)
Current derivative liabilities	8	(26,378)	(494)
Borrowings	9	(100)	-
		<u>(62,268)</u>	<u>(120,859)</u>
Net current liabilities		(62,268)	(120,859)
Total assets less current liabilities		86,015	(59,468)
Long term derivative liabilities	8	(81)	(1,074)
		<u>(81)</u>	<u>(1,074)</u>
Net Assets/(Liabilities)		<u>85,934</u>	<u>(60,542)</u>
Capital and reserves			
Called up share capital	11	2	1
Share premium account	12	63,941	22,499
Share based payment reserve	12	313	313
Profit and loss account	12	(21,411)	(83,355)
Capital Contribution	12	43,089	-
		<u>85,934</u>	<u>(60,542)</u>
Equity shareholder's surplus/(deficit)		<u>85,934</u>	<u>(60,542)</u>

The notes on pages 12 to 22 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 28th September 2015 and signed on its behalf by


 Simon Bateman
 Director

IPM Energy Trading Limited
Company Registration No. 2462479

Reconciliation of movements in shareholder's deficit
For the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Opening shareholder's deficit	12	(60,542)	(57,971)
Share Issue	12	41,442	-
Dividend – Deeside Investment	12	101,283	-
Capital Contribution	12	43,089	-
Retained loss for the financial year	12	(39,339)	(2,571)
Closing shareholder's surplus/(deficit)		<u>85,934</u>	<u>(60,542)</u>

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Cash flow statement
For the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Net cash (outflow)/inflow from operating activities	13	(35,571)	55,897
Returns on investments and servicing of finance	13	(3,468)	(4,627)
Taxation	13	1,453	1,294
		<hr/>	<hr/>
Cash (outflow)/inflow before use of liquid resources and financing		(37,586)	52,564
Management of liquid resources	13	3,100	(3,800)
Financing	13	19,466	(35,817)
		<hr/>	<hr/>
(Decrease)/Increase in cash in the year		(15,019)	12,947

Notes to the accounts
For the year ended 31 December 2014

1. Accounting policies

The following accounting policies have been applied consistently in the current and preceding year, in dealing with items which are considered material in relation to the Company's financial statements.

a) Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

The parent company have confirmed that they will continue to supply financial support to the Company for a period of at least 12 months after these financial statements have been signed. Therefore, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate. These financial statements present information about the Company as an individual undertaking and not about its Group. Consolidated financial statements including the results of the group headed by this Company are prepared by the ultimate parent company, ENGIE S.A., a company registered in France.

b) Turnover

The Company buys and sells electricity, gas, carbon emissions and financial coal from the market on behalf of other Group entities. For the trades entered into on behalf of other Group entities, a back to back internal trade is entered into, resulting in the Company being in a net neutral position for those trades.

In addition, the Company also enters into transactions to manage the retail electricity and gas positions of both external and Group companies which result in a non-net neutral position which is recognised on the basis of completed contracts and the mark to market value of outstanding contracts at the year end. These transactions result in trading income for the Company.

c) Foreign currencies

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction unless related or matching forward foreign exchange contracts have been entered into, when the rate specified in the contract is used. At the year end, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or, where appropriate, at the hedged contracted rate. Any gain or loss arising on the restatement of such balances is taken to the profit and loss account.

d) Current asset investments

Current asset investments are stated at the lower of cost and market value.

e) Taxation

UK Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the weighted average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been

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Notes to the accounts (continued)
For the year ended 31 December 2014

enacted or substantially enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

f) Credit support

The Company receives cash from other members of the ENGIE S.A., International Power Ltd. and Mitsui & Co., Ltd group for credit support purposes (sometimes called margining). This cash is then placed on deposit by the Company to provide collateral on the trading positions of the Group companies. The loan from the Group companies will be repaid or increased when their requirement for collateral changes.

If the deposit is able to be replaced by other forms of collateral such as a letter of credit, then it is classed as a current asset investment. If the deposit cannot be replaced by other forms of collateral, then it is classed as a debtor.

g) Share based payments

International Power Ltd., the holding company of IPM Energy Trading Limited, issued equity settled share based payments to certain staff of IPM Energy Trading Limited before 30 November 2007 when the Company was known as Deeside Power Development Company Limited and employed staff. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the date of grant of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on an estimate of the numbers of shares that will eventually vest. The expense settled by International Power Ltd. is treated as a capital contribution from International Power Ltd.

h) Fixed asset investments

Fixed asset investments are shown at cost less a provision for impairment.

i) Derivative financial instruments

The Company enters into forward commodity contracts and other derivative instruments for trading purposes. Derivative contracts are financial instruments, such as forwards and futures, utilised in connection with trading activities. All the contracts taken out by the Company are designed to hedge risks in other companies within the Group.

These derivative contracts are recognised at fair value on the date on which a contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The gain or loss on subsequent fair value measurement is recognised within the profit and loss account. Subsequent to initial recognition, the fair values of financial instruments measured at fair value that are quoted in an active market are based on the bid prices for assets held and offer prices for liabilities held. If the market for a financial instrument is not active, its fair value is established using valuation techniques. These valuation techniques include comparison with similar instruments where market observable prices exists, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

2. Loss on ordinary activities before taxation

	2014	2013
	£'000	£'000
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
<i>Auditor's remuneration</i>		
Audit of these financial statements	(79)	(50)
Non audit fees	-	-

Notes to the accounts (continued)
For the year ended 31 December 2014

3. Net interest payable

	2014	2013
	£'000	£'000
Interest payable on bank loans and overdrafts	(2,269)	(2,648)
Interest payable on amounts owed to Group companies	(4,173)	(4,478)
Foreign exchange gain	2	4
Interest receivable on current asset investments	38	17
Interest receivable on amounts owed from Group undertakings	3,264	2,589
	<u>(3,138)</u>	<u>(4,516)</u>

4. Directors' and employees' remuneration

Directors' remuneration

The Directors did not receive any remuneration from the Company for their services (2013: £nil).

The Company has no direct employees (2013: none). All staff are employed by International Power Ltd. and their costs are borne by another member of the Group.

5. Taxation

a) Analysis of credit

	2014	2013
	£'000	£'000
UK corporation tax current year	1,645	778
Total taxation credit	<u>1,645</u>	<u>778</u>

b) Reconciliation of current tax rate

	2014	2013
	£'000	£'000
The current tax credit for the year on ordinary activities varied from the standard rate of UK corporation tax as follows:		
Loss on ordinary activities before taxation	(40,984)	(3,349)
Corporation tax credit at 21.5% (2013: 23.25%)	8,812	778
Adjustment for non-taxable income	(9,155)	-
Prior period adjustment	1,988	-
Corporation tax at 21.5% (2013: 23.25%)	<u>1,645</u>	<u>778</u>

During the year there were changes in the UK Corporation tax rate to 21%, which was substantially enacted on 2 July 2013 and was effective from 1 April 2014; and to 20%, which was substantially enacted on 2 July 2013 and will be effective from 1 April 2015.

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Notes to the accounts (continued)
For the year ended 31 December 2014

6. Investments

At 31 December 2014, the Company had the following directly held investments:

	Principal activity	Country of incorporation	Class of shares held	Proportion held
Fixed asset investments				
Deeside Power (UK) Limited	Electricity generator	England and Wales	Ordinary shares	100%

At 31 December 2013, the Company had the following directly held investments:

	Principal activity	Country of incorporation	Class of shares held	Proportion held
Fixed asset investments				
Deeside Power Limited	Electricity generator	Gibraltar	Ordinary shares	100%

On 1 July 2014, Deeside Power Limited transferred all its assets and liabilities to Deeside Power (UK) Limited. Subsequently, the Company received from Deeside Power Limited a dividend in specie of its shareholding in Deeside Power (UK) Limited of £161,599,000 owning 100% of its shares.

As at 31 December 2014 Deeside Power (UK) Limited carried out a review of the recoverable amount of its plant and machinery following a reduction in observable prices for forward spark spreads. The recoverable amount of the plant was determined by its estimated value in use and resulted in an impairment to its carrying amount of £42,580,000. This has been reflected in a corresponding impairment of the Company's investment in Deeside Power (UK) Limited, resulting in an investment of £119,019,000 at the end of the year.

	As at 1 January 2013 £'000	Additions £'000	Impairments £'000	As at 31 December 2013 £'000
Investment	60,317	-	-	60,317

	As at 1 January 2014 £'000	Additions £'000	Impairments £'000	As at 31 December 2014 £'000
Investment	60,317	101,283	(42,580)	119,019

7. Debtors

	2014 £'000	2013 £'000
Amounts receivable within one year		
Amounts due from Group undertakings for trade	65,686	130,305
Amounts due from Group undertakings for interest	758	465
Amounts due from Group – current account	137,123	141,254
Credit support lodged – not replaceable with cash	4,157	11,160
Corporation tax debtor	11,069	10,877
Other debtors	3,147	-
Income accruals	203,368	125,304
	425,308	419,365

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Notes to the accounts (continued)
For the year ended 31 December 2014

8. Financial Instruments

The year-end position of the Company comprises the following classes of derivative financial asset and liabilities. The Directors consider that the carrying values (shown below) are equal to the fair values.

	31 December 2014 £'000	31 December 2013 £'000
Derivative financial assets held at fair value through profit or loss	33,522	1,568
Derivative financial liabilities held at fair value through profit or loss	(26,459)	(1,568)
Net Derivative financial position held at fair value through profit or loss	<u>7,063</u>	<u>-</u>

The derivative financial asset position was expected to unwind through the profit and loss account as follows:

	31 December 2014 £'000	31 December 2013 £'000
Power within 3 months	1,608	-
Gas within 3 months	139	-
Power 3 months and 12 months (inclusive)	3,614	-
Gas 3 months and 12 months (inclusive)	861	-
Power in greater than 12 months	553	-
Gas in greater than 12 months	288	-
	<u>7,063</u>	<u>-</u>

The Company has a net derivative financial position as at 31st December 2014 of £7,063,000 (2013: £nil) as a result of taking over the trading activity of IPM Portfolio Trading Limited on 1st July 2014.

As a participant in the energy market, the Company is exposed to market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market price. The Company's Risk Management policy has metrics and limits which are applied to the trading books such as Value-at-Risk (VaR), stop/loss, credit, fuel mismatch, term, volume, approved traders and approved products and reports are provided regularly to key management personnel.

At the balance sheet date, the Company was a 75% indirect subsidiary of International Power Ltd. (formerly "International Power plc") and operates using that Group's risk strategy which is disclosed fully in the non-statutory financial statements of International Power Ltd. which are available to the public and may be obtained from Level 20, 25 Canada Square, London E14 5LQ.

Notes to the accounts (continued)
For the year ended 31 December 2014

8. Financial Instruments (continued)

The fair value measurements for derivatives have been calculated using a fair value hierarchy that reflects the significance of the inputs used in making the assessments. All the fair value measurements for derivatives all into level 2 in the categories below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The above derivative asset relates to forward and future contracts to sell 12,521,118MWh (2013: nil MWh) and to purchase 12,521,313MWh (2013: nil MWh) of power and contracts to sell 235,183,000 therms (2013: nil therms) and purchase 236,936,100 therms (2013: nil therms) of gas.

A net loss of £1,921,661 (2013: £nil) has arisen from the change in the fair values of these contracts since acquired from IPM Portfolio Trading Limited, and is included within turnover.

The notional amount of the power contracts is an asset of £6,688,836 (2013: £nil) and of the gas contracts a liability of £2,263,316 (2013: £nil).

Sensitivity analysis

The following sensitivity analysis shows the impact on the Company's results of changes in market prices as a result of entering into financial instruments including derivatives. This sensitivity shows the impact on this Company's profit after tax (PAT) for the year-end and equity at the year end arising from changes in the fair value of forward contracts which would have been entered into to hedge risks arising in other members of the Group.

	2014		2013	
	(Decrease) / increase in PAT	(Decrease) / increase in Equity	(Decrease) / increase in PAT	(Decrease) / increase in Equity
	£'000	£'000	£'000	£'000
20% increase in forward price curves for electricity	(140)	(140)	-	-
20% decrease in forward price curves for electricity	140	140	-	-

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Notes to the accounts (continued)
For the year ended 31 December 2014

9. Current asset investments

	2014	2013
	£'000	£'000
Short term (borrowings)/deposits used for credit support cash	<u>(100)</u>	<u>3,000</u>

10. Creditors: amounts falling due within one year

	2014	2013
	£'000	£'000
Trade creditors	807	493
Amounts due to Group undertakings for credit support	103,300	159,500
Amounts due to Group undertakings for trade	124,623	190,975
Amounts due to subsidiary for loss on sale of derivatives	74,033	74,033
Amounts due to Group undertakings for interest	171	208
Other creditors VAT	-	37,960
Accruals and deferred income	183,894	96,546
	<u>486,828</u>	<u>559,715</u>

11. Called up share capital

	2014	2013
Authorised		
1,901 (2013: 901) Ordinary Shares of £1 each	<u>1,901</u>	<u>901</u>
Allotted and fully paid up		
1,901 (2013: 901) Ordinary Shares of £1 each	<u>1,901</u>	<u>901</u>

1,000 Ordinary shares were issued at £1 each on 1 July 2014 in consideration for the purchase of the business and related assets and liabilities of IPM Portfolio Trading Limited.

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Notes to the accounts (continued)
For the year ended 31 December 2014

12. Reserves

	Share capital £'000	Share premium £'000	Share based payment £'000	Capital contribution £'000	Profit and loss account £'000	Total £'000
At 1 January 2014	1	22,499	313	-	(83,355)	(60,542)
Dividend – Deeside Investment	-	-	-	-	101,283	101,283
Capital Contribution	-	-	-	43,089	-	43,089
Share Issue	1	41,442	-	-	-	41,443
Loss for the year	-	-	-	-	(39,339)	(39,339)
At 31 December 2014	<u>2</u>	<u>63,941</u>	<u>313</u>	<u>43,089</u>	<u>(21,411)</u>	<u>85,934</u>

The Dividend consists of the dividend in specie in respect of Deeside Power (UK) Limited of £161,599,000 netted with the capital reduction of Deeside Power Limited (£60,317,000).

The Capital Contribution consists of a loan waived by the Company's indirect parent International Power Ltd. (formally International Power plc).

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Notes to the accounts (continued)
For the year ended 31 December 2014

13. Analysis of cash flows

	2014	2013
	£'000	£'000
Reconciliation of operating loss to net cash flows		
(Loss)/profit before interest and tax	(37,846)	1,167
(Increase)/decrease in debtors	(16,592)	57,228
Decrease in creditors	(16,650)	(3,968)
Movement in derivatives assets and liabilities	(7,063)	-
Non-cash impairment of investment	42,580	-
	<u>(35,571)</u>	<u>54,428</u>
Returns on investment and servicing of finance		
Interest received	3,302	2,570
Foreign exchange gain	2	4
Interest paid	(6,772)	(7,201)
	<u>(3,468)</u>	<u>(4,627)</u>
Net cash flows on returns on investment and servicing of finance		
	<u>(3,468)</u>	<u>(4,627)</u>
Taxation		
UK corporation taxation received	1,453	1,294
	<u>1,453</u>	<u>1,294</u>
Management of liquid resources		
Decrease/(increase) in credit lodged	3,100	(3,800)
	<u>3,100</u>	<u>(3,800)</u>
Financing		
Change in cash sweep from margining debtor	4,132	(74,969)
Share premium on share issue	41,442	-
Decrease in margin lodged	7,003	36,621
(Decrease)/increase in inter-company margining creditors	(56,200)	4,000
Loan due from Group	(20,000)	-
Capital Contribution	43,089	-
Share Issue	1	-
	<u>19,466</u>	<u>(34,348)</u>
Net cash flow from financing activities		
	<u>19,466</u>	<u>(34,348)</u>
Net movements in cash during the year	<u>(15,019)</u>	<u>12,947</u>

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Notes to the accounts (continued)
For the year ended 31 December 2014

14. Analysis of changes in net debt

	At 1 January 2013 £'000	Cash £'000	At 31 December 2014 £'000
Cash at bank and in hand	16,491	(15,019)	1,472
Inter-company credit support creditors	(159,500)	56,200	(103,300)
Credit support debtors	11,160	(7,003)	4,157
	<u>(131,849)</u>	<u>34,178</u>	<u>(97,671)</u>
Current asset investments	3,000	(3,100)	(100)
	<u>(128,849)</u>	<u>31,078</u>	<u>(97,771)</u>
Total net debt	<u>(128,849)</u>	<u>31,078</u>	<u>(97,771)</u>

15. Related party transactions

The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 "Related Party Transactions" not to disclose transactions within the IPM Holdings UK Limited Group of companies.

International Power Ltd. (formerly International Power plc) owns (indirectly) 75% of the Company and is therefore a related party. International Power Ltd. charged the Company £0.5m (2013: £0.9m) for credit support and trading recharges. The year end balance owed to International Power Ltd. was £0.2m (2013: £2.8m).

The Company is also under common control with IP Consolidated Holdings Limited and was therefore a related party. IP Consolidated holdings provide a credit support facility to the Company. During the year the Company paid IP Consolidated holdings £0.4m in commitment fees (2013: £0.3m).

International Power Ltd. owns (indirectly) 75% of the Company and 30% of Opus Energy Limited so Opus Energy Limited is therefore a related party. In the normal course of business and on arms length terms, during the year, the Company sold £186.6m (2013: £176.7m) of electrical power to Opus Energy Limited and purchased £4.4m (2013: £3.0m) of electrical power from them. Also the Company sold £19.1m (2013: £17.0m) of Gas to Opus Energy Limited and purchased £nil (2013: £nil) of gas from them. At the year end, Opus Energy Limited owed the Company £1.8m (2013: £1.0m) in respect of the power and gas trades.

On 1 July 2014 the assets and liabilities of IPM Portfolio Trading Limited were transferred to IPM Energy Trading Limited in consideration for the issue of by the Company of 1,000 Ordinary shares of £1 each in the capital of the Company at par value plus a premium of £41,442 each.

Notes to the accounts (continued)
For the year ended 31 December 2014

16. Controlling party and ultimate parent undertaking

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, which is the parent undertaking of the largest group in which the results of the Company are consolidated for the year ended 31 December 2014 and the year ended 31 December 2013. The consolidated financial statements of ENGIE S.A. may be obtained from its registered office at 1 Place Samuel de Champlain, 92400 Courbevoie, Paris, France. ENGIE S.A. has an indirect 75% interest in IPM Energy Trading Limited.

The immediate parent company of IPM Energy Trading Limited is IPM Holdings (UK) Limited which owns 100% of the ordinary share capital.

17 Provisions

IPM Energy Trading Limited ("IPM ETL") has a contract with Mitsui & Co., Ltd ("Mitsui") to buy Certified Emission Reductions (CERs). These CERs are generated from HFC23 projects and are classified as "non-firm" CERs. These CERs were exchanged for EU Emission Allowances (EUAs) to meet Saltend Co-generation Company Limited's (Saltend) emissions requirements. Changes in the United Nations Framework Convention on Climate Change (UNFCCC) mean that from April 2013 CERs from HFC23 projects can no longer be exchanged for EUA's or for submission for future emissions compliance.

IPM ETL has a contractual obligation to take delivery of CERs from Mitsui after April 2013 even though the CERs cannot be used by IPM ETL or Saltend for compliance. As a result IPM ETL had an onerous contract which was recognised through a provision in December 2012.

Subsequent to the provision being created in 2012, the contract was terminated in 2013 with IPM ETL taking delivery of the non-firm CERs and making payment. As a result, the provision was released in full in 2013.