

Eggborough Power Limited

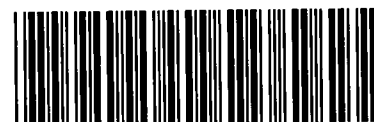
Annual report and financial statements

Registered number 03782700

For the 15 months ended

31 December 2016

FRIDAY



A6EIKOGG

A14

08/09/2017

#347

COMPANIES HOUSE

Contents

Strategic report	3
Directors' report	5
Director's responsibility statement	7
Independent auditors' report to the members of Eggborough Power Limited	8
Profit and Loss Account and Other Comprehensive Income	10
Balance Sheet	12
Statement of Change in Equity	13
Notes	14

Strategic report

The Directors present their strategic report on the Company for the fifteen month period ended 31 December 2016.

Principal Activities

Eggborough Power Limited is a limited liability company incorporated and domiciled in the United Kingdom. The Company's principle activity is generation and trading of electricity.

Throughout the period reported in these accounts, Eggborough Power Limited was a wholly owned subsidiary of Eggborough Holdco 2 S.à.r.l, a company registered in Luxembourg.

During July 2017, the planned dissolution of the intermediate parent company, Eggborough Holdco 2 S.à.r.l, was completed. As a result, the share capital of Eggborough Power Limited is now directly owned by EP UK Investments Limited.

The Directors consider the ultimate parent undertaking to be Energetický a průmyslový holding, a.s., a company incorporated in the Czech Republic.

Results

The loss for the financial period amounted to £13m (*18 months ended September 2015: loss of £171m*).

Review of the Business

Total generation for the period was 3.4 TWh. The plant operated at a load factor of 37% which reflects less favourable market conditions which were experienced by all coal fired generators. In addition, two units were under a Strategic Balancing Reserve (SBR) contract with National Grid plc in the period October 2016 to December 2016. The terms of the SBR agreement were such that the units were available as reserve capacity but could not despatch on a commercial basis.

The SBR agreement substantially concluded in March 2017 and the Company met all of its targets in connection with this agreement.

In February 2017, the Company entered into a further agreement with National Grid plc via their 'capacity auction' which was held at that time. This agreement provides that the Company will make all four units commercially available over the winter of 2017/18.

The above capacity agreement will be fully concluded during September 2018 which is presently considered to be the single most likely date for the cessation of coal based operations – this would trigger a programme of decommissioning and demolition which would take in the region of four years to conclude.

There will be another 'Capacity Market' auction in February 2018 which offers a further opportunity to continue coal based operations for at least another year.

Management continue to review alternative methods of generation and extension of the businesses' life. In particular, the construction of a high efficiency gas- powered station which could start production of electricity in 2022 is being very actively investigated as a means to extend business-life.

Business Market Review

The outlook for the UK energy market is dominated by global commodity prices and UK Government energy policy, the main priorities of which are to decarbonise electricity generation, maintaining security of supply whilst reducing cost to consumers.

In the UK, the Carbon Price Support mechanism has meant that coal fired stations have lost competitive position in comparison to other forms of generation that are more thermally efficient (such as gas). Government policy has been deliberately targeted to encourage the development of lower carbon forms of generation such as nuclear and renewables.

Key Performance Indicators

Key performance indicators are reported to the company's ultimate owner Energetický a průmyslový holding, a.s. which reports key performance indicators in its Consolidated Report and Annual Statements.

Strategic report (continued)

Principal Risks and Uncertainties

The principal risks and uncertainties impacting on the company are discussed in the context of Energetický a průmyslový holding, a.s. “the Group”, as a whole in its Consolidated Report and Annual Statements. These risks are managed on a group-wide basis.

Going Concern

The Directors believe that the Going Concern basis is appropriately applied within these Financial Statements. The Company’s ultimate owner Energetický a průmyslový holding, a.s. (EPH) has provided a ‘Letter of Support’ which confirms their commitment to ensure that the Company has sufficient funds to meet its obligations for the foreseeable future.

By order of the board



Paul David Tomlinson
Director

30 August 2017

Directors' report

The directors present their report and the audited financial statements for fifteen months ended 31 December 2016.

Future Developments

As discussed in the Strategic Report, the company is considering options to extend the trade of the Company with consideration of both coal and gas powered options.

Research and development

Expenditure on research and development during the fifteen months ended 31 December 2016 was £nil (*18 months ended 30 September 2015: £nil*).

Expenditure on establishing new forms of generation within the Company (such as gas) has, to date, been classified as commercial expenditure rather than R&D.

Financial Instruments

The Company's policies are set out in Accounting policies.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the period were as follows:

Pavel Horský

Daniel Křetínský

Andrew Neil O'Hara

Jan Špringl

Marek Spurný

Paul David Tomlinson

Employees

The Company is committed to encourage and develop all members of staff to realise their maximum potential through the provision of an annual bonus scheme linked to the Company's performance.

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment of disabled persons, having regard to their particular aptitudes and abilities and to protect the interests of existing members of staff who are disabled. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company.

Directors' report *(continued)*

Political contributions

The Company made no political donations or incurred any political expenditure during the period.

Disclosure of information to auditor

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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

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

By order of the board



Paul David Tomlinson
Director

Eggborough Power Limited
Eggborough Power Station, Eggborough, Goole, East Yorkshire
DN14 0BS

Date: 30 August 2017

Director's responsibility statement

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


Company law requires directors to prepare financial statements for each year. Under the law the directors have elected to prepare financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accounting Practice), including Financial Reporting Standard, Reduced Disclosure Framework ("FRS 101").

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 and loss of the Company for the period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent;
- state whether United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in preparation of financial statements, and
- prepare the financial statements on the going concern 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 are also responsible for safeguarding the asset of the Company and hence for taking reasonable steps for the prevention and detection of fraud and any other irregularities.

This responsibility statement was approved by the Board of directors on 30 August 2017 and signed on its behalf by:



Paul David Tomlinson
Director

Independent auditor's report to the members of Eggborough Power Limited

We have audited the financial statements of Eggborough Power Limited for the period 15 month period ended 31 December 2016 set out on pages 10 to 33. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 more fully in the Directors' Responsibilities Statement set out on page 7, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 and of its for the 15 month period 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 matters prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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
- the directors were not entitled to take advantage of the small company's exemption from the requirement to prepare a strategic report.

A handwritten signature in black ink, appearing to read 'David Morritt', with a long, sweeping flourish extending to the right.

David Morritt (Audit Partner)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA

30 August 2017

Profit and Loss Account

	<i>Note</i>	15 months ended 31 Dec 2016 Continuing £m	18 months ended 30 Sept 2015 Continuing £m
Revenue	2	220	474
Direct costs		(144)	(355)
Gross profit		76	119
Other operating charges	3	(98)	(192)
Exceptional charges	5	(4)	(71)
EBITDA ⁽¹⁾		(26)	(144)
Depreciation and other amounts written off tangible and intangible fixed assets	10	(4)	(56)
Unrealised gains on derivative contracts		16	10
Operating Loss		(14)	(190)
Other interest receivable and similar income	7	-	3
Interest payable and similar charges		-	-
Loss on ordinary activities before taxation		(14)	(187)
Tax on loss on ordinary activities	8	1	16
Loss for the financial period		(13)	(171)

All results relate to continued operations.

Notes:

- ⁽¹⁾ *EBITDA is profit before interest, tax, depreciation, amortisation, and unrealised gains and losses on derivative contracts.*

The notes on pages 14 to 33 form part of these financial statements.

Statement of Comprehensive Income

	Note	15 months ended 31 Dec 2016 Continuing £m	18 months ended 30 Sept 2015 Continuing £m
Loss for the period		(13)	(171)
Other comprehensive income			
<i>Items that's will not be classified to profit or loss:</i>			
Remeasurement of defined benefit liability	20	(14)	(10)
Recognise prior period pension asset			1
Deferred tax which will not be reclassified to profit and loss	18	1	2
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Income tax on items that are or may be reclassified subsequently to profit or loss		-	-
Other comprehensive income		(13)	(7)
Total loss and comprehensive income for the period		(26)	(178)
Total comprehensive loss for the period attributable to equity holders		(26)	(178)

The notes on pages 14 to 33 form part of these financial statements.

Balance Sheet
at 31 December 2016

	<i>Note</i>	31 Dec 2016 £m	30 Sept 2015 £m
Assets			
Non-current assets			
Property, plant and equipment	<i>10</i>	25	16
Intangible assets	<i>9</i>	10	-
		35	16
Current assets			
Inventories	<i>11</i>	7	27
Trade and other receivables	<i>12</i>	50	28
Derivative financial instruments	<i>13</i>	19	21
Cash and cash equivalents	<i>14</i>	35	50
		111	126
Liabilities			
Current liabilities			
Trade and other payables	<i>15</i>	(50)	(34)
Derivative financial instruments	<i>17</i>	(2)	(10)
		(52)	(44)
Net current assets		59	82
Non-current assets			
Deferred tax asset	<i>18</i>	3	-
		3	-
Non-current liabilities			
Other provisions	<i>19</i>	(79)	(77)
Deferred tax liability	<i>18</i>	(3)	(2)
Retirement benefit obligations	<i>20</i>	(11)	(2)
		(93)	(81)
Net assets		4	17
Shareholders' equity			
Called up share capital	<i>21</i>	82	82
Capital reserve		2	2
Other reserve		13	-
Profit and loss account		(93)	(67)
Shareholders' funds		4	17

The notes on pages 14 to 33 form part of these financial statements.

These financial statements were approved by the board of directors on 30 August 2017 and were signed on its behalf by:



Paul David Tomlinson
Director

Company registered number: 03782700

Statement of Changes in Equity

	Called up Share capital £m	Capital reserve £m	Land revaluation reserve £m	Profit and loss account £m	Total equity £m
Balance at 1 April 2014	82	134	-	(21)	195
<i>Other reserve movements</i>					
Transfer from capital reserves to profit and loss	-	(132)	-	132	-
Balance at 30 September 2015	82	2	-	111	195
<i>Total comprehensive income for the period</i>					
Loss for the period	-	-	-	(171)	(171)
Other comprehensive loss (see note 22)	-	-	-	(7)	(7)
Total comprehensive income for the period	-	-	-	(178)	(178)
<i>Total contributions by and distributions to owners</i>					
Balance at 30 September 2015	82	2	-	(67)	17

	Called up share capital £m	Capital Reserve £m	Land revaluation reserve £m	Profit and loss account £m	Total equity £m
Balance at 1 October 2015	82	2	-	(67)	17
<i>Total comprehensive income for the period</i>					
Loss for the period	-	-	-	(13)	(13)
Fair value of land	-	-	13	-	13
Other comprehensive loss (see note 22)	-	-	-	(13)	(13)
Total comprehensive loss for the period	-	-	13	(26)	(13)
<i>Total contributions by and distributions to owners</i>					
Balance at 31 December 2016	82	2	13	(93)	4

The notes on pages 14 to 33 form part of these financial statements.

Notes (continued)

1 Accounting policies

Eggborough Power Limited is a company incorporated and domiciled in the UK.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance of the Company is provided in note 29.

The Company's parent undertaking, Energetický a průmyslový holding, a.s. includes the Company in its consolidated financial statements. The consolidated financial statements of Energetický a průmyslový holding, a.s. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Pařížská 26, 110 00 Praha 1, Czech Republic.

The application of FRS 101 has enabled the Company to take advantage of certain disclosure exemptions that would only be required if the Company adopted International Financial Reporting standards in full. The only such exemptions that the directors consider to be significant are:

- no detailed disclosure in relation to financial instruments;
- no comparative period reconciliations for tangible fixed assets and intangible assets
- no cashflow statement and related notes;
- no disclosure of related party transactions with fellow 100% subsidiaries of Energetický a průmyslový holding, a.s.;
- no disclosures relating to the Company's policy on capital management.
- The effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel; and

The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

As the consolidated financial statements of Energetický a průmyslový holding, a.s. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 1 April 2014 for the purposes of the transition to FRS 101.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 27.

1.1 Change in accounting policy

In these financial statements the Company has changed its accounting policies in the following areas:

The company has adopted the following IFRSs in these financial statements:

- Amendment to IAS19 - Defined Benefit Plans: Employee Contributions (previously FRS 17 Retirement Benefits).
- Freehold land is now recorded at the net value advised by an independent valuation agent (previously historic cost).

Notes (continued)

1 Accounting policies (continued)

1.2 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through the profit or loss or as available-for-sale; freehold land is stated at net market value.

1.3 Going concern

The Directors believe that the Going Concern basis is appropriately applied within these Financial Statements. The Company's ultimate owner Energetický a průmyslový holding, a.s. (EPH) has provided a 'Letter of Support' which confirms their commitment to ensuring that EPL has sufficient funds to meet its obligations under the Capacity Market Contract for the foreseeable future.

1.4 Foreign currency

The functional currency of the Company is pounds sterling.

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Financial instruments held for trading are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6 Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Notes (continued)

1 Accounting policies (continued)

1.6 Derivative financial instruments and hedging (continued)

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the profit and loss account.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the profit and loss account. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the profit and loss account (even if those gains would normally be recognised directly in reserves).

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses apart from Freehold land which has been revalued.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- buildings 20 - 50 years
- plant and equipment 4 - 20 years
- fixtures and fittings 3 - 20 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.8 Intangible assets

Other intangible assets

Other intangible assets including emission rights are recognised on the date of purchase at fair value. At each reporting date the Company assesses whether there is an indication that the intangible asset may be impaired, any impairment will be expensed to the profit and loss.

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks.

1.10 Employee benefits

Defined benefit plans

The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Employee benefits *(continued)*

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Company's employees are members of the Eggborough Power Group within the Electricity Supply Pension Scheme (ESPS). The Company is the sponsor of the defined benefit pension plan.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value where materially significant.

1.11 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.12 Revenue

Revenue represents amounts receivable for goods or services provided by the Company in its normal course of business this is net of trade discounts and VAT.

Revenue from the sale of Power is specified under contract terms or prevailing market rates.

Revenue earned on contracts that span accounting periods is recognised in reference to stage of contract completion. Other revenues derived from the sale of generation by-products are recognised at the point the risks and rewards of ownership are transferred.

1.13 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Taxation *(continued)*

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued)

2 Revenue

	15 months ended 31 Dec 2016 £m	18 months ended 30 Sept 2015 £m
Total revenue	220	474
By activity:		
Power generation	183	457
Other Sales	37	17
	220	474
By geographical market		
United Kingdom	220	474

3 Expenses and auditor's remuneration

Material components of other operating charges:

	15 months ended 31 Dec 2016 £000	18 months ended 30 Sept 2015 £000
Gross profit	76	119
The following expenditure has been charged in other operating charges:		
Repairs and maintenance expenditure on property, plant and equipment	31	81
Other operating and administrative expenses	35	65
Staff expenditure	4	46
Total other operating charges	98	192
Exceptional expenditure	5	4
EBITDA (Loss)	(26)	(144)

EBITDA is profit/loss before interest, tax, depreciation, amortisation and unrealised gains or losses on derivative contracts.

Auditor's remuneration:

	15 months ended 31 Dec 2016 £000	18 months ended 30 Sept 2015 £000
Audit fees:		
Audit of these statements and group financial package statements	65	95
Other fees receivable by the company's auditor:		
Taxation compliance services	7	9
Corporate finance services	-	143
Total non-audit fees	7	152
Total auditor's remuneration	72	247

KPMG LLP were appointed as the Company's auditor during the period. Expenditure reported in the 15 months ended 31 December 2016 relates to KPMG LLP. Expenditure reported in the prior period comparator (18 months ended 30 September 2015) relates to PricewaterhouseCoopers LLP who were the Company's auditors during this period.

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	15 months ended 31 Dec 2016	18 months ended 30 Sept 2015
Management and support staff	58	59
Asset management	80	103
Operations	107	136
	245	298

The aggregate payroll costs of these persons were as follows:

	15 months ended 31 December 2016 £m	18 months ended 30 September 2015 £m
Wages and salaries	24	36
Social security costs	2	3
Contributions to defined contribution plans	-	-
Expenses related to defined benefit plans	6	7
	32	46

5 Exceptional expenditure

Included in profit/loss are the following:

	15 months ended 31 Dec 2016 £m	18 months ended 30 Sept 2015 £m
Expenditure included in exceptional:		
Redundancy and pension provision	4	20
Impairment of inventory	-	12
Decommissioning provision	-	39
	4	71

During the period, the Company has maintained and adjusted a full provision for the future cessation of coal operations including decommissioning and staff termination benefits.

Notes (continued)

6 Directors' remuneration

	15 months ended 31 Dec 2016 £m	18 months ended 30 Sept 2015 £m
Directors' remuneration	2	2
Amounts receivable under long term incentive schemes	-	2
	2	4

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £1.2m (18 months ended 30 September 2015 :£2.3m), and company pension contributions of £0.1m (18 months ended 30 September 2015 :£0.1m) were made to a money purchase scheme on his behalf.

	Number of directors 15 months ended 31 Dec 2016	18 months ended 30 Sept 2015
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1
Defined benefit schemes	1	1
	2	2
The number of directors who exercised share options was	-	-
The number of directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes was	-	-
	-	-

7 Other interest receivable and similar income

	15 months ended 31 Dec 2016 £m	18 months ended 30 Sept 2015 £m
Net interest on net defined benefit plan assets	-	3
Total interest receivable and similar income	-	3

Interest receivable and similar income includes income from group undertakings £nil (18 months ended 30 September 2015: £nil).

Notes (continued)

8 Taxation

Recognised in the profit and loss account

	15 months ended 31 Dec 2016 £m	18 months ended 30 Sept 2015 £m
<i>UK corporation tax</i>		
Current tax on income for the period	-	(12)
Adjustments in respect of prior periods	1	2
Total current tax	1	(10)
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(2)	(6)
Reduction in tax rate	-	-
Total deferred tax	(2)	(6)
Tax on profit on ordinary activities	(1)	(16)

Income tax recognised in other comprehensive income

	15 months ended 31 December 2016 £m	18 months ended 30 September 2015 £m
Revaluation of tangible fixed assets	-	2
Remeasurements of defined benefit liability/asset	-	(2)
	-	-

Reconciliation of effective tax rate

	15 months ended 31 Dec 2016 £m	18 months ended 30 Sept 2015 £m
Loss excluding taxation	(14)	(187)
Tax using the UK corporation tax rate of 20% (2015: 20.67%)	(3)	(38)
Non-deductible expenses	1	8
Difference in tax rate on losses carried back	-	(1)
Recognition of previously unrecognised tax losses	(3)	-
Current period losses for which no deferred tax asset was recognised	3	13
Under / (over) provided in prior periods	1	2
Total tax expense (including tax on discontinued operations)	(1)	(16)

UK corporation tax is the main rate of tax and is calculated at 20% (2015: 20.67%) of the estimated assessable profit for the period.

The Finance Act 2016 enacted a reduction in the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and to 17% with effect from 1 April 2020.

Deferred tax has been provided at 20% on the basis the trade is expected to cease before 1 April 2017.

9 Intangible assets

	Carbon assets £m
Balance at 1 October 2015	-
Additions	32
Disposals	(22)
Balance at 31 December 2016	10

Carbon assets are purchases of Carbon emissions and are measured at cost, net of any impairment.

Notes (continued)

10 Tangible fixed assets

	Land and buildings £m	Plant and equipment £m	Software £m	Total £m
Cost				
Balance at 1 October 2015	41	164	4	209
Revaluations	13	-	-	13
Disposals	-	-	-	-
Balance at 31 December 2016	54	164	4	222
Depreciation and impairment				
Balance at 1 October 2015	33	156	4	193
Depreciation charge for the period	-	-	-	-
Impairment losses	1	3	-	4
Disposals	-	-	-	-
Balance at 31 December 2016	34	159	4	197
Net book value				
At 31 December 2016	20	5	-	25

Revaluation

The carrying values of property, plant and equipment are reviewed for impairment by assessing the present value of future cash flows and residual values is based on managements estimate of future prices and expenditure.

The net book value of property, plant and equipment at 31 December 2016 is £12m, which represents the estimated recoverable scrap value. The net book value of land at 31 December 2016 is £13m.

Land is held at market value. The value was established by external valuation in January 2015. If land was held at historical cost the value reported would be £105,000.

11 Inventories

	31 December 2016	30 September 2015
	£m	£m
Coal	6	26
Other fuels and consumables	1	1
	7	27

Raw materials and consumables recognised as cost of sales in the period amounted to £105m (18 months 30 September 2015 : £261m).

The write-down of general stocks to net realisable value amounted to £nil (18 months ended 30 September 2015: £1m) which is excluded from cost of sales.

Notes (continued)

12 Trade debtor and other receivables

	31 Dec 2016	30 Sept 2015
<i>Note</i>	£m	£m
Trade debtors	13	7
Other debtors	34	17
Prepayments and accrued income	3	4
	50	28
Due within one year	50	28

During the period, management made a doubtful debt provision relating to a Group company. The movement in the allowance for doubtful debts is laid out in the following table:

	31 Dec 2016	30 Sept 2015
<i>Note</i>	£m	£m
At January/ October	-	-
Provision for receivables	2	-
	2	-

13 Derivative financial instruments

	31 Dec 2016	30 Sept 2015
	£m	£m
Financial assets designated as fair value through profit or loss	19	21

14 Cash and cash equivalents

	31 Dec 2016	30 Sept 2015
	£m	£m
Collateral	26	28
Cash at bank and in hand	9	22
Cash and cash equivalents	35	50

15 Creditors: amounts falling due within one year

	31 Dec 2016	30 Sept 2015
<i>Note</i>	£m	£m
Trade creditors	12	5
Amounts owed to group undertakings	2	-
Taxation and social security	8	1
Other creditors	11	17
Accruals and deferred income	17	11
	50	34

Notes (continued)

16 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	31 Dec 2016 £m	30 Sept 2015 £m
Creditors falling due within less than one year		
Parental loan	2	-

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 31 Dec 2016 £m	Carrying amount 31 Dec 2016 £m	Face value 30 Sept 2015 £m	Carrying amount 30 Sept 2015 £m
Parental Loan	GBP	5%	2017	2	2	-	-

17 Derivative financial instruments

	31 Dec 2016 £m	30 Sept 2015 £m
Amounts falling due within one year		
Financial liabilities designated as fair value through profit or loss	2	10

18 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 Dec 2016 £m	30 Sept 2015 £m	31 Dec 2016 £m	30 Sept 2015 £m	31 Dec 2016 £m	30 Sept 2015 £m
Financial assets	-	-	(3)	(2)	(3)	(2)
Tax value of loss carry-forwards	3	-	-	-	3	-
Tax assets / (liabilities)	3	-	(3)	(2)	(-)	(2)

The amount of temporary difference, unused tax losses and tax credits for which no deferred tax asset is recognised is £15m.

Notes (continued)

18 Deferred tax assets and liabilities (continued)

Movement in deferred tax during the period

	1 Oct 2015 £m	Recognised in income £m	Recognised in equity £m	Included in disposal group £m	Acquired in business combination £m	31 Dec 2016 £000
Financial assets	(2)	(1)	-	-	-	(3)
Tax value of loss carry-forwards utilised	-	3	-	-	-	3
Tax assets / (liabilities)	(2)	2	-	-	-	-

Movement in deferred tax during the prior period

	1 Apr 2014 £m	Recognised in income £m	Recognised in equity £m	Included in disposal group £m	Acquired in business combination £m	30 Sept 2015 £m
Tangible fixed assets	(8)	8	-	-	-	-
Financial assets	(3)	1	-	-	-	(2)
Employee benefits	1	(3)	2	-	-	-
Tax assets / (liabilities)	(10)	6	2	-	-	(2)

19 Provisions

	Site restoration £m	Restructure & other £m	Contingent liability £m	Total £m
Balance at 1 October 2015	57	19	1	77
Provisions made during the period	-	8	-	8
Provisions used during the period	-	(5)	-	(5)
Provisions reversed during the period	-	-	(1)	(1)
Balance at 31 December 2016	57	22	-	79

The site restoration provision provides for all costs of the eventual decommissioning, demolition and decontamination of the coal operations of Eggborough Power Limited.

20 Employee benefits

Eggborough Power Limited contributes to the pension arrangement operated by the Eggborough Power Group within the Electricity Supply Pension Scheme (ESPS). The ESPS is a defined benefit scheme, which is externally funded and subject to an actuarial valuation. Each pension group that participates in the ESPS is financially independent from the other groups.

The disclosures below relate to the Eggborough Power Group of the ESPS (the EP Group). The disclosures have been based on the results of the triennial actuarial valuation of the scheme as at 31 March 2015. This valuation has been adjusted using agreed assumptions to roll the position forwards by the Company's actuary, Broadstone using methodology prescribed under IAS19 employee benefits.

For this Group, the updated valuation was determined using the projected unit credit method ("PUC Method").

The following contributions were made to the pension arrangements during the fifteen month period ended 31 December 2016 was:

Company Contributions	£10.0m
Member Contributions	£0.1m

Notes (continued)

20 Employee benefits (continued)

The Company contributions include deficit repair contributions of £4.7m (2015: £3.8m). The Company also pays contributions toward the cost of the additional benefits being accrued during the period. For the 15 month period to 31 December 2016, the total cost of this accrual, including the member share amounted to £5.4m (18 months to 30 September 2015: £7.2m). Based on the ongoing funding assumptions from the 2015 Actuarial Valuation, this cost of accrual represents 41.1% of pensionable earnings.

EPL's ultimate parent company, Energetický a průmyslový holding, a.s. has entered into a legal agreement to fund outstanding liabilities of the 'Eggborough Power Group scheme' pension scheme in the event that EPL is unable to do so.

	31 Dec 2016 £m	30 Sept 2015 £m
Total defined benefit asset	172	137
Total defined benefit liability	(183)	(139)
Net asset/liability for defined benefit obligations (see following table)	(11)	(2)

Movements in net defined benefit liability/asset

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (liability)/ asset	
	31 Dec 2016 £m	30 Sept 2015 £m	31 Dec 2016 £m	30 Sept 2015 £m	31 Dec 2016 £m	30 Sept 2015 £m
Balance at 1 October 2015	(139)	(119)	137	120	(2)	1
Included in profit or loss						
Current service cost	(5)	(8)	-	-	(5)	(8)
Interest (cost)/income	(7)	(8)	7	8	-	-
	(151)	(135)	144	128	(7)	(7)
Included in OCI*						
Remeasurements loss/(gain):						
Actuarial loss (gain) arising from						
- Change in financial assumptions	(36)	(10)	24	3	(12)	(7)
- Experience adjustment	(2)	-	-	-	(2)	-
	(38)	(10)	24	3	(14)	(7)
Other						
Contributions paid by the employer	-	-	10	12	10	12
Benefits paid	6	6	(6)	(6)	-	-
	6	6	4	6	10	12
Balance at 31 December 2016	(183)	(139)	172	137	(11)	(2)

An additional £14m of future costs associated with early retirement obligations 'pension curtailments' are included in other provisions.

Restricted cash balances include £20.4m (30 September 2015: £19.8m) which is held in an Escrow arrangement under a funding agreement with the Pension Trustees, these amounts are not reflected in the above.

Notes (continued)

20 Employee benefits (continued)

Plan assets

	31 Dec 2016	30 Sept 2015
	£m	£m
Cash and cash equivalents	2	1
Equity instruments	31	64
Debt instruments e.g. Government bonds	109	60
Investment funds	30	12
Total	172	137

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA-rated. All other plan assets are not quoted in an active market.

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages)

	31 Dec 2016	30 Sept 2015
Discount rate at 31 December	2.8%	3.7%
Future salary increases	3.3%	3.5%
Future pension increases	3.1%	2.95%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 63-year old to live for a number of years as follows:

- Current pensioner aged 63: 86.9 years (male), 89.1 years (female).
- Future retiree upon reaching 63: 89.1 years (male), 91.5 years (female).

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change of the following:

	31 Dec 2016	30 Sept 2015
	£m	£m
Discount rate		
0.25% increase	-8.7	+6.6
0.25% decrease	+9.4	+7.1
Inflation rate		
0.25% increase	+8.5	+6.4
0.25% decrease	-7.9	-6.0
Life expectancy		
1 year increase	+7.3	+5.5
1 year decrease	-7.3	-5.5

In valuing the liabilities of the pension fund at December 2016, mortality assumptions have been made as indicated. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at December 2016 would have increased by £7.3m before deferred tax.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 March 2015 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Notes (continued)

20 Employee benefits (continued)

Funding

The Company expects to pay £4m in contributions to its defined benefit plans in 2017. The weighted average duration of the defined benefit obligation at the end of the reporting period is 20 years (2015:20 years).

Defined contribution plans

The Company operates a defined contribution pension plans for staff who are not members of the EP Group scheme.

The total expense relating to these plans in the current period was £0.2m (18 months ended 30 September 2015: £0.1m).

21 Called up share capital

Share capital

In thousands of shares	31 Dec 2016	30 Sept 2015
On issue and issued for cash	82,000	82,000
	31 December 2016	30 September 2015
	£m	£m
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	82	82

Notes (continued)

22 Other comprehensive loss

Current period

	Revaluation reserve £m	Profit and loss account £m	Total Other comprehensi ve income £m
Other comprehensive loss	-	(13)	(13)
Remeasurements of defined benefit liability	-	(14)	(14)
Adjustment in respect of prior period tax	-	1	1
Revaluation of freehold land	13	-	13
Total other comprehensive loss	13	(26)	(13)

Comparative

	Revaluation reserve £m	Profit and loss account £m	Total other comprehensi ve income £m
Other comprehensive loss	-	(171)	(171)
Remeasurements of defined benefit liability	-	(10)	(10)
Recognise prior period pension asset	-	1	1
Income tax on other comprehensive loss	-	2	2
Total other comprehensive loss	-	(178)	(178)

Notes (continued)

23 Commitments

Capital commitments

At 31 December 2016, the Company had £nil capital commitments (30 September 2015: £nil) and £2m (30 September 2015: £7m) commitment to purchase fuel.

24 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Energetický a průmyslový holding, a.s. (EPH) which is the ultimate parent company incorporated in the Czech Republic and is the ultimate controlling party.

The largest group in which the results of the Company are consolidated is that headed by Energetický a průmyslový holding, a.s., incorporated in the Czech Republic. The smallest group in which they are consolidated is that headed by Energetický a průmyslový holding, a.s. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available to the public and may be obtained from Pařížská 26, 110 00 Praha 1, Czech Republic.

25 Subsequent events

In February 2017, Eggborough Power Limited was awarded a Capacity Agreement by National Grid plc. Under the terms of the agreement, the company will earn a fixed income in return for making capacity available during the period October 2017 to September 2018. This fixed income is an additional payment above the market derived income that can be earned from commercial despatch of electricity over this period.

The total level of profitability of this agreement will be determined by actual commodity prices in the period of delivery. No adjustment has been made to the reported results at 31 December 2016 in respect of this agreement.

The planned dissolution of the intermediate parent company, Eggborough Holdco 2 S.à.r.l, was completed on 3 July 2017. As a result, the share capital of Eggborough Power Limited is now directly owned by EP UK Investments Limited, a subsidiary of EPH.

26 Accounting estimates and judgements

Critical accounting judgements require management to exercise judgement when applying the company's accounting policy. The areas involving a higher degree of judgement and complexity are set out below:

Property, plant and equipment

The carrying value of property is reviewed annually.

Property, plant and equipment in the financial statements carried at estimated scrap value.

Freehold land is reported at net market value.

Defined benefit obligations

The actuarial valuation of the scheme assets and liabilities is performed annually and depends on assumptions regarding future salary and pension increases, inflation, interests and mortality.

The company has a pension deficit at balance sheet date, as the scheme liabilities exceed its assets.

Decommissioning provision

The estimated cost of decommissioning the coal powered station is reviewed annually and is based on price levels and technology at the balance sheet date. The payment dates of total expected future decommissioning costs are uncertain but presently assumed to commence in 2018.

27 Explanation of transition to FRS 101 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the 15 month period ended 31 December 2016, the comparative information presented in these financial statements for the 18 month period ended 30 September 2015 and in the preparation of an opening FRS 101 balance sheet at 1 April 2014 (the Company's date of transition).

Notes (continued)

27 Explanation of transition to FRS 101 from old UK GAAP (continued)

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

As permitted under FRS101, the company has elected to take exemptions to not prepare a cashflow statement and related notes.

Reconciliation of equity

		1 April 2014			30 September 2015		
			Effect of transition to FRS 101	FRS 101	UK GAAP	Effect of transition on to FRS 101	FRS 101
	Note	UK GAAP £m	101 £m	101 £m	£m	101 £m	101 £m
Assets							
Non-current assets							
Property, plant and equipment	10	69	-	69	16	-	16
Intangible assets	9	64	-	64	-	-	-
		133		133	16	-	16
Current assets							
Inventories	11	18	5	23	13	14	27
Trade and other receivables	12	46	-	46	28	-	28
Derivative financial instruments	13	-	13	13	-	21	21
Cash at bank and in hand	14	140	-	140	50	-	50
		204	18	222	91	35	126
Liabilities							
Current liabilities							
Trade and other payables	15	(139)	-	(139)	(34)	-	(34)
Derivative financial instruments	17	-	-	-	-	(10)	(10)
		(139)	-	(139)	(34)	(10)	(44)
Non-current assets							
Debtors falling due after 1 year		4	-	4	-	-	-
		4	-	4	-	-	-
Provisions for liabilities							
Other provisions	19	(15)	-	(15)	(77)	-	(77)
Deferred tax liability	18	(7)	(3)	(10)	-	(2)	(2)
Retirement benefit obligations	20	-	-	-	(2)	-	(2)
		(22)	(3)	(22)	(79)	(2)	(81)
Net assets/(liabilities)		180	15	195	(6)	23	17
Shareholders' equity							
Called up share capital	21	82	-	82	82	-	82
Capital reserve		134	-	134	2	-	2
Profit and loss account		(36)	15	(18)	(90)	23	(67)
Shareholders' funds		180	15	195	(6)	23	17

Inventories

Carbon Price Support relating to coal not yet burnt is now valued at average cost. Under UK GAAP, Carbon Price Support was valued using LIFO.

Derivative financial instruments

This recognises open commodity and financial contracts at Balance Sheet date.

Notes (continued)

27 Explanation of transition to FRS 101 (continued)

Reconciliation of profit/loss for 18 month period ended 30 September 2015

	Note	UK GAAP £m	Effect of transition to FRS 101 £m	FRS 101 £m
Revenue	2	510	(36)	474
Raw material and consumables		(389)	34	(355)
Gross profit		121	(2)	119
Other operating charges	3	(192)	-	(192)
Exceptional charges	5	(71)	-	(71)
EBITDA ⁽¹⁾		(142)	(2)	(144)
Depreciation and other amounts written off tangible and intangible assets	10	(56)	-	(56)
Unrealised gains on derivative contracts		-	10	10
Operating loss		(198)	8	(190)
Other interest receivable and similar income	7	3	-	3
Interest payable and similar charges		-	-	-
Loss on ordinary activities before taxation		(195)	8	(187)
Tax on loss on ordinary activities	8	15	1	16
Loss for the financial period		(180)	9	(171)

Revenue:

If FRS 101 principles had been applied to open power sales contracts at 31 March 2014, a mark to market value of £36m would have been recognised.

Raw material and consumables:

If FRS 101 principles had been applied to open coal and carbon trades at 31 March 2014, a mark to market value of £(24)m would have been recognised.

Under FRS 101, pre-paid Carbon Price Support (CPS) would have been reported at average cost (UK GAAP, LIFO), this results in a higher opening CPS balance, value £(10m).

Unrealised gains on derivative contracts

If FRS 101 principles had been applied to open commodity contracts at 30 September 2015, a mark to market value of £10m would have been recognised.