

EP UK Investments Limited

Annual Report and Financial Statements

For the 15 months ended 31 December 2015

Registered Number - **09255154**

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COMPANIES HOUSE

EP UK Investments Limited

Directors

Pavel Horský
Marek Spurný

Company Secretary

Eversecretary Limited

Registered office

Berger House
36-38 Berkley Square
London
W1J 5AE

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor
Arita One
144 Morrison Street
Edinburgh
EH3 8EX

EP UK Investments Limited
Annual Report and Financial Statements
for the 15 months ended 31 December 2015

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The directors present their Strategic Report on the Company for the 15 months ended 31 December 2015.

Principal activities

EP UK Investments Limited is a limited liability company incorporated and domiciled in England. The Company's principal activity is the holding of investments.

Results

EP UK Investments Limited was incorporated on the 8th October 2014.

The loss for the financial year amounted to £37.4m.

Review of the business

The loss for the year relates to the acquisition financing and impairment of the investment in Eggborough HoldCo2 S.à.r.l, the owners of Eggborough Power Limited. Eggborough Power Limited owns Eggborough Power station, a 2 MW coal-fired power station in Yorkshire, England.

The reported impairment reflects the outlook for margins earned from coal powered generation in the UK due to both commodity price movements and Carbon Price Support.

The financial position of the Company is shown on the statement of financial position on page 9.

Key performance indicators

EP UK Investments Limited is a holding company. 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.

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 ensuring that EPUKI has enough funds to continue its operations.

On behalf of the Board



Pavel Horský
Director
29 June 2016

The directors present their report and the audited financial statements for the 15 month period ended 31 December 2015.

Future developments

The directors do not anticipate any significant changes to the nature of activities of the Company in the next 12 months.

Directors

The current directors of the Company are listed on page 1.

The directors who served during the year and at the date of this report, unless otherwise stated, were as follows:

Pavel Horský
Marek Spurný

Directors' responsibilities 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.

Statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving this report are listed on page 1. Having made enquires of fellow directors; each of these directors confirms that:

- to the best of each directors' knowledge and belief, there is no relevant information of which the Company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware if that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. PricewaterhouseCoopers will be invited to tender for continuing business.

On behalf of the Board



Pavel Horský
Director

Independent auditors' report to the members of EP UK Investments Limited

Report on the financial statements

Our opinion

In our opinion, EP UK Investments Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the 15 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and financial statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2015;
- the statement of comprehensive income for the period then ended;
- the statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter 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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors report to the members of EP UK Investments Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual 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.



Mark Hoskyns-Abraham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

7 July 2016

EP UK Investments Limited
Statement of Comprehensive Income
For the 15 months ended 31 December 2015

		15 months ended 31 Dec 2015
	Note	£'000
Continuing operations		
Administrative expenses	3	(9)
Other losses net	4	(1,616)
Impairment of asset	5	(33,999)
Operating Loss		(35,624)
Finance costs	6	(1,732)
Loss before income tax		(37,356)
Income tax expense	7	-
Loss and total comprehensive income for the period		(37,356)
Attributable to;		
- Owners of the parent		(37,356)
Total comprehensive loss for the period		(37,356)

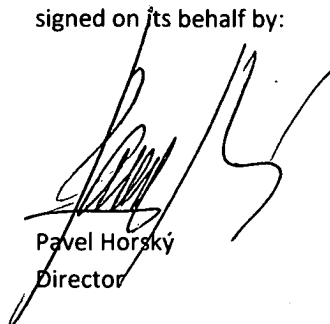
The results have been wholly derived from continuing operations.

The Company had no recognised gains or losses other than the results for the financial year reported above.

EP UK Investments Limited
Statement of Financial Position
For the 15 months ended 31 December 2015

		15 months ended 31 Dec 2015
	Note	£'000
Fixed asset investments	8	30,000
Current assets		
Trade and other receivables		-
Cash and cash equivalents		44
Total current assets		44
Creditors – Amounts falling due within one year	9	(8)
Net current assets		36
Total assets less current liabilities		36
Creditors – Amounts falling due after one year	10	(57,342)
Net (liabilities)		(27,306)
Capital and reserves		
Equity attributable to the owners of the parent		
Called up share capital	11	-
Profit and loss reserve		(27,306)
Total shareholders' funds		(27,306)

The financial statements on pages 8 to 17 were approved by the Board of Directors on 29 June 2016 and were signed on its behalf by:



Pavel Horský
 Director

Company number: 09255154

EP UK Investments Limited
Statement of Changes in Equity
For the 15 months ended 31 December 2015

	Called-up share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
At 1 October 2014	-	-	-
Issue of shares	-	-	-
Interest free group loan: FV of interest	-	10,050	10,050
Loss and total comprehensive income for the financial period	-	(37,356)	(37,356)
At 31 December 2015	-	(27,306)	(27,306)

The Company has £1 ordinary share capital that is made up of 100 ordinary shares of £0.01 each.

EP UK Investments Limited
Notes to the Financial Statements
For the 15 months ended 31 December 2015

1. General information

EP UK Investments Limited is a limited liability company incorporated and domiciled in England. The principal activity of the Company is holding investments.

2. Summary of significant accounting policies

The principal accounting policies, which have been applied in the preparation of these financial statements, are set out below. These policies have been consistently applied unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with United Kingdom Accounting Standards – in particular FRS 101 – and the Companies Act 2006 (“the Act”). FRS 101 sets out reduced framework for a “qualifying entity”, as defined in the standard, which addressed the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards (“IFRS”).

The Company is a qualifying entity for the purposes of FRS 101. Note 14 gives the details of the Company’s ultimate parent and from where consolidated financial statements prepared in accordance with IFRS may be obtained.

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 cashflow statement;
- no analysis of fixed asset movements for the prior year;
- 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 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.

The financial statements are presented in Pounds Sterling (GBP) and all values are rounded to the nearest thousand Pounds Sterling (GBP) except where otherwise indicated.

The Company’s business activities, together with the factors likely to affect its future, are set out in the Directors report. The financial position of the Company is shown in the statement of financial position on page 9.

The Company’s objectives, policies and processes for managing its financial risks are dealt with on a Group-wide basis.

The Company adopts a going concern basis accounting in preparing its annual financial statements.

EP UK Investments Limited
Notes to the Financial Statements
For the 15 months ended 31 December 2015

Summary of significant accounting policies (continued)

2.2 Functional and reporting currency

a) Functional and presentational currency

The financial statements are presented in Pounds Sterling which is the functional currency of the Company.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation from year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss with 'finance income and costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other (losses) net'.

2.3 Cash flows

The Company is a wholly owned subsidiary of Energetický a průmyslový holding, a.s. and its cash flows are included in the consolidated group cashflow statements of that company (see note 14). Consequently the Company has taken advantage of the exemption available with FRS 101 from publishing a cash flow statement.

2.4 Investment in subsidiaries and joint venture

Investments are measured initially at cost, including transaction costs, less any provisions for impairment. As permitted by Section 400 of the Companies Act 2006, the Company does not prepare consolidated financial statements because it is wholly owned subsidiary of Energetický a průmyslový holding, a.s., which prepares consolidated financial statements (see note 14).

2.5 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2.6 Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transactions costs. Borrowing costs are expensed through the profit and loss account.

2.7 De-recognition of financial assets and liabilities

a) Financial assets:

A financial asset (or where appropriate a part of a financial asset) is de-recognised where the rights to receive cash flows from the asset have expired.

b) Financial liabilities:

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expired.

EP UK Investments Limited
Notes to the Financial Statements
For the 15 months ended 31 December 2015

Summary of significant accounting policies (continued)

2.8 Deferred taxation

Deferred tax assets are recognised only to the extent that it is probable that a taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realised or the liability is settled, based tax rates and tax laws enacted or substantively enacted at the balance sheet date.

EP UK Investments Limited
Notes to the Financial Statements
For the 15 months ended 31 December 2015

3. Administrative expenses

	15 months ended 31 Dec 2015 £000
Audit Fee	5
Other legal and professional fees	4
	9

The Company's audit fee is £5,000.

The Company had no employees during the year.

No remuneration was paid to; or waived by, the directors during the current period in respect of services provided by the Company.

4. Other losses - net

	15 months ended 31 Dec 2015 £000
Foreign exchange loss on translation	184
Net loss on currency contracts	1,432
	1,616

5. Other charges

	15 months ended 31 Dec 2015 £000
Impairment of investment	33,999
	33,999

6. Finance costs

	15 months ended 31 Dec 2015 £000
Interest on Euro bank loan	4,411
Interest on Euro group loan	165
Revaluation of Euro denominated loans	(3,352)
Fair value cost of group loan (8.7% FV)	508
	1,732

EP UK Investments Limited
Notes to the Financial Statements
For the 15 months ended 31 December 2015

7. Taxation

Tax on (loss) on ordinary activities

	15 months ended 31 Dec 2015 £000
Taxation	
Current tax	
UK corporation tax on profits for the current period	-

The charge for the year can be reconciled to the profit per the income statement as follows:

	15 months ended 31 Dec 2015 £000
Loss before Tax	(37,356)
Tax at corporation tax rate (20.4%)	(7,621)
Tax effect of expenses not deductible in determining taxable profit	7,040
Change in unrecognised deferred tax assets	581
Tax expense for the year	-

Unrecognised tax losses

The Company has tax losses which arose in the UK of £2,849k that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as there is uncertainty over the recoverability.

During the year the UK corporation tax rate was changed from 21% to 20%, effective from 1 April 2015.

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) was substantively enacted in October 2015 and has therefore been considered when calculating deferred tax at the reporting date.

8. Fixed asset investments

The company acquired the entire share capital of Eggborough HoldCo2 S.à.r.l on the 15th January 2015.

	15 months ended 31 Dec 2015 £000
Shares in affiliated undertakings	
Acquisition price	62,597
Cost of acquisition	1,402
Impairment	(33, 999)
Net book value as at 31 December 2015	30,000

EP UK Investments Limited
Notes to the Financial Statements
For the 15 months ended 31 December 2015

8. Fixed asset investments (continued)

The Directors have reviewed the carrying value of the investment in Eggborough HoldCo2 S.à.r.l. The reported impairment reflects the outlook for margins earned from coal powered generation in the UK due to both commodity price movements and Carbon Price Support.

9. Creditors – Amounts falling due within one year

	15 months ended 31 Dec 2015 £000
Other accruals	8
	8

10. Creditors – Amounts falling after one year

On the 12th January 2015, the Company received a €81m Euro bank loan. Both the principal sum and accrued interest were repaid in full on the 25 November 2015 using Group Company funding.

The Company has two unsecured inter-company loans that are denominated in Euros. The first loan carries 0% interest and is redeemable on 25 November 2017 and the second carries 6% interest and is redeemable on 4 February 2018.

	15 months ended 31 Dec 2015 £000
1-5 years – Group Loans	57,342
	57,342

A fair value adjustment of £10,050k has been recognised in respect of the 0% interest group loan. This aligns the value of interest payable (over the term of the loan) to that of the commercial loan that it replaced. This FV adjustment will be released over the term of the loan and reported as interest payable. £508k has been recognised in the Statement of Comprehensive Income in the period ending 31 December 2015, the principal amount of the loan is equivalent to £66.9m.

11. Called-up share capital

	15 months ended 31 Dec 2015 £000
Allotted and fully paid:	
100 Ordinary shares of £0.01 each	1
Total	1

EP UK Investments Limited
Notes to the Financial Statements
For the 15 months ended 31 December 2015

12. Related party transactions

Transactions and balances with fellow Energetický a průmyslový holding companies

The Company has taken advantage of the exemptions within Financial Reporting Standard 101 not to disclose transactions and balances with Energetický a průmyslový holding, a.s. and its wholly-owned subsidiaries. This is on the grounds that the Company itself is a wholly-owned subsidiary of Energetický a průmyslový holding, a.s., for which the consolidated financial statements are publicly available.

13. Financial risk management, objectives and policies

The Company is funded by a number loans from Group Companies owned by Energetický a průmyslový holding, a.s. Financials risks and management of those risks are included in the consolidated annual report and financial statements.

14. Ultimate parent undertaking

The Company's ultimate controlling party is Energetický a průmyslový holding, a.s., a company incorporated in the Czech Republic. The Company's immediate parent company is EP United Kingdom s.r.o a company incorporated in the Czech Republic.

Energetický a průmyslový holding, a.s. is the only undertaking for which consolidated financial statements that include financial statements for the Company are prepared. Copies of Energetický a průmyslový holding, a.s. financial statements can be obtained from its registered office at:

Pařížská 26, 110 00 Praha 1, Czech Republic.

15. Post balance sheet events

On 5th January 2016, the Company acquired 100% of the share capital of Lynemouth Power Limited (LPL) from RWE Supply & Trading GMBH (RWE). LPL operates a hard coal power plant with a generation capacity of 420MW, which is now being converted to biomass combustion.

Towards the end of 2015, the power plant was granted a permit from the EU to sign a Contract for Difference with the UK Government. Once converted to biomass combustion, the power plant will generate about 2.3 TWh of low-carbon electricity a year, which approximately equals the consumption of about 700 000 UK households.