

# GGE UK 2 Limited

## Annual Report and Financial Statements for the year ended 31 December 2017

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**Company Information**

**DIRECTORS**

M A Fernandes

M D C Helmore

A Signori

S Johnson (appointed on 17 January 2018)

M O L Lief (resigned on 17 January 2018)

S K J Nelson (resigned on 17 January 2018)

**REGISTERED NUMBER**

09566127

**REGISTERED OFFICE**

Laurence Pountney Hill

London

EC4R 0HH

United Kingdom

**INDEPENDENT AUDITOR**

KPMG LLP

15 Canada Square

London

E14 5GL

United Kingdom

**ADMINISTRATOR**

Sanne Group (UK) Limited

21 Palmer Street

London

SW1H 0AD

United Kingdom

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## Directors' Report for the year ended 31 December 2017

The Directors present their report and financial statements of GGE UK 2 Limited (the "Company") for the year ended 31 December 2017 ("the year").

### Directors

M A Fernandes

M D C Helmore

A Signori

S Johnson (appointed on 17 January 2018)

M O L Lief (resigned on 17 January 2018)

S K J Nelson (resigned on 17 January 2018)

### Principal activity

The principal activity of the Company is to act as an investment company.

### Business review and results

The Company was incorporated on 28 April 2015 and has an investment in 100% of the equity of GGE A.S, an entity that owns a Slovakian energy company. Details of the results for the year are set out in the Statement of Comprehensive Income on page 9. The profit for the year was EUR 91,000 (2016: EUR 93,000) and the net assets at 31 December 2017 were EUR 77,335,000 (2016: EUR 49,895,000). The Company had no recognised gains or losses other than those disclosed on page 9.

The Company has loan notes in issue which are listed on the International Stock Exchange. The holder of these loan notes is GGE SLP LP.

The ultimate parent company of GGE UK 2 Limited is Prudential Plc, a company registered in England and Wales. Consolidated financial statements are prepared by Prudential Plc and copies of these are available from the registered office at Laurence Pountney Hill, London, EC4R 0HH.

### Dividends

No dividends were paid during the year (2016: EUR nil). The Directors do not recommend the payment of a final dividend (2016: EUR nil).

### Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

### Qualifying third party indemnities

Prudential Plc has arranged appropriate insurance cover in respect of legal action against directors and senior managers of companies within the Prudential Group. In addition, the Articles of Association of the Company provide for the directors, officers and employees of the Company to be indemnified in respect of liabilities incurred as a result of their office.

### Risks and uncertainties

The risks and uncertainties faced by the Company are those inherent within the financial services industry, but are primarily:

- Liquidity risk – The Company's investment is illiquid and long-term. Such investments may be illiquid because, among other reasons, there is no established market for the particular type of asset, there is a scarcity of disposal options and/or potential acquirers, or there are legal, tax, regulatory or contractual restrictions associated with the disposal of the investment;

## Directors' Report for the year ended 31 December 2017 (continued)

### Risks and uncertainties (continued)

- Operational risk – losses could result from inadequate or failed internal and external processes, systems and human error or from external events over which the management has no control;
- Market risk – exposure to fluctuations in revenue resulting from the impact of volatile equity, bond, property prices and investment performance;
- Credit risk – investments are reliant on counterparties fulfilling their obligations; and
- Regulatory risk – subject to the effects of changes in law, regulation, policy and interpretation and any accounting standards in the markets in which it operates.

The risks and uncertainties faced by the Prudential Group are outlined in the strategic report prepared by Prudential Plc, the Company's ultimate parent company. Consolidated financial statements can be obtained from the address in note 17.

### Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' 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), including FRS 102 the Financial Reporting Standard in the UK and Republic of Ireland ("FRS 102").

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 year.

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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

The Directors 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.

The Company has taken advantage of the exemption provided for under section 414(B) of the Companies Act 2006, and has not produced a strategic report.

## Directors' Report for the year ended 31 December 2017 (continued)

### Disclosure of Information to Auditor

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

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

### Post-Balance Sheet Events

On 11 January 2018, one ordinary share was allotted to GGE UK 1 Limited with a nominal value of EUR 1 for an aggregate subscription consideration of EUR 29,722,178.91.

On 6 March 2018, one ordinary share was allotted to GGE UK 1 Limited with a nominal value of EUR 1 for an aggregate subscription consideration of EUR 2,600,000.

### Auditor

Pursuant to section 487(2) of the Companies Act 2006, the auditor will be deemed to be reappointed and therefore KPMG LLP will continue in office.

The report was approved by the board on 27<sup>th</sup> April 2018 and signed on its behalf.



M A Fernandes  
Director

27<sup>th</sup> April 2018

## Independent Auditor's Report to the Member of GGE UK 2 Limited

### Our opinion is unmodified

We have audited the financial statements of GGE UK 2 Limited ("the Company") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- the financial statements give a true and fair view of the state of Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the board of directors.

We were re-appointed as auditor by the directors on 23 April 2018. The period of total uninterrupted engagement is for the 3 financial periods ended 31 December. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

### Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter, in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Key audit matter	The risk	Our response
Impairment of investments (Nil; 2016: Nil)  Refer to note 1(a) (accounting policy) and notes 9 and 15 (financial disclosures)	Subjective valuation  The Company's investment in its subsidiary (GGE A.S.) is held at cost less impairment.  The principal activity of GGE A.S. is to hold an investment in a Slovakian energy company, which is unlisted. The unlisted investment is measured at fair value which is established in accordance with International Private Equity and Venture Capital ("IPEV") Guidelines.  In determining the fair value of the underlying investment, which is used by management to identify any impairment indicators,	Our procedures include:  Control design: Documented and assessed the design and implementation of the investment valuation process and controls.  Control observation: Attended the year end valuation meeting with the Directors and investment manager and assessed their discussion and review of the investment valuation.  Methodology choice: In the context of the observed industry best practice and the provisions of IPEV Guidelines, we challenged the appropriateness of the valuation basis adopted, with assistance from our valuation specialist.  Our valuation experience: With assistance from our valuation specialist, we challenged the investment manager on key judgements affecting the investee company valuations, such as discount factors and choice of benchmarks for earnings multiples. We compared key underlying financial data inputs to external sources,

## Independent Auditor's Report to the Member of GGE UK 2 Limited (Continued)

Key audit matter	The risk	Our response
<p>Impairment of investments (Nil; 2016: Nil)</p> <p>Refer to note 1(a) (accounting policy) and notes 9 and 15 (financial disclosures)</p>	<p>significant judgement and inputs which are unobservable. This represents a significant risk.</p>	<p>investee company audited accounts and management information as applicable. We challenged the assumptions around sustainability of earnings based on the plans of the investee company. Our work included consideration of events which occurred subsequent to the year end up to the date of this report.</p> <p>Assessing transparency: We considered the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of the investment in GGE A.S.</p> <p>Our results:</p> <p>We found the valuation of the unlisted investment to be acceptable. We found the directors decision on investment impairment to be acceptable</p>

### Our application of materiality and an overview of the scope of our audit

Materiality for the company financial statements as a whole was set at €1.3m (2016: €1.0m), determined with reference to a benchmark of company total assets, of which it represents 1% (2016: 1%).

We agreed to report to the Board of Directors any corrected or uncorrected identified misstatements exceeding €0.07m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

### We have nothing to report on going concern

We are required to report to you if we have anything material to add or draw attention to in relation to the directors statement in note 1(g) to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### We have nothing to report on the strategic report and the directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in those reports;
- in our opinion the information given in the strategic report the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### We have nothing to report on the other matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Company, 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.

We have nothing to report in these respects.



## Independent Auditor's Report to the Member of GGE UK 2 Limited (Continued)

### Respective responsibilities

#### *Directors' responsibilities*

As explained more fully in their statement set out on page 4, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### *Auditor's responsibilities*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities, or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### *Irregularities - ability to detect*

Our audit aimed to detect non-compliance with relevant laws and regulations (irregularities) that could have a material effect on the financial statements. In planning and performing our audit we considered the impact of laws and regulations in core areas such as financial reporting, and company and taxation legislation.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors, the manager and the administrator (as required by auditing standards).


We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation). We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements items.

We communicated identified laws and regulations throughout our team which included individuals with experience relevant to those laws and regulations, and remained alert to any indications of non-compliance throughout the audit.

As with any audit, there remained a higher risk of non-detection of non-compliance with relevant laws and regulations (irregularities), as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

#### **The purpose of our audit work and to whom we owe our responsibilities**

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.



Fang Fang Zhou  
(Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
30<sup>th</sup> April 2018

## Statement of Comprehensive Income

	Note	2017 EUR 000	2016 EUR 000
Investment income	3	5,240	5,226
Operating expenses	4	(28)	(22)
<b>Operating profit</b>		<b>5,212</b>	<b>5,204</b>
Interest payable	5	(5,100)	(5,090)
Gain on foreign exchange		1	2
<b>Profit on ordinary activities before tax</b>		<b>113</b>	<b>116</b>
Tax on profit on ordinary activities	6	(22)	(23)
<b>Profit for the year</b>		<b>91</b>	<b>93</b>
<b>Total comprehensive income</b>		<b>91</b>	<b>93</b>


There is no other comprehensive income for the year ended 31 December 2017 and the year ended 31 December 2016 in addition to that included in the statement of comprehensive income. All results and comparatives shown in the statement of comprehensive income are from continuing operations.

The notes on pages 13 to 17 form part of these financial statements.

**Balance Sheet**

	Notes	2017 EUR 000	2016 EUR 000
<b>Fixed assets</b>			
Investment in subsidiary	9	<u>77,086</u>	<u>49,737</u>
<b>Current assets</b>			
Other investments	10	52,711	53,447
Debtors	11	1,332	1,787
Cash at bank		<u>207</u>	<u>205</u>
		<b>54,250</b>	<b>55,439</b>
<b>Current liabilities</b>			
Creditors – amounts falling due within one year	12	<u>(54,001)</u>	<u>(55,281)</u>
<b>Net current assets</b>		<u>249</u>	<u>158</u>
<b>Net assets</b>		<u><b>77,335</b></u>	<u><b>49,895</b></u>
<b>Capital and reserves</b>			
Called up share capital	13	49,737	49,737
Share premium	13	27,349	-
Profit and loss account	14	<u>249</u>	<u>158</u>
<b>Shareholders' funds</b>		<u><b>77,335</b></u>	<u><b>49,895</b></u>

The financial statements on pages 9 to 17 have been approved by the Board of directors and signed on its behalf by:-

  
M A Fernandes  
Director

  
M D C Helmore  
Director

 April 2018

Registered No: 09566127

## Statement of Changes in Equity

	Called up share capital 2017 EUR 000	Share premium 2017 EUR 000	Profit and loss account 2017 EUR 000	Total 2017 EUR 000
Balance at 1 January 2017	49,737	-	158	49,895
Profit for the year	-	-	91	91
Total comprehensive income for the year	-	-	91	91
<b>Transactions with owners, recorded directly in equity</b>				
Issue of shares	-	27,349	-	27,349
Total contributions by and distributions to owners	-	27,349	-	27,349
<b>Balance at 31 December 2017</b>	<b>49,737</b>	<b>27,349</b>	<b>249</b>	<b>77,335</b>

	Called up share capital 2016 EUR 000	Share premium 2016 EUR 000	Profit and loss account 2016 EUR 000	Total 2016 EUR 000
Balance at 1 January 2016	49,737	-	65	49,802
Profit for the year	-	-	93	93
Total comprehensive income for the year	-	-	93	93
<b>Balance at 31 December 2016</b>	<b>49,737</b>	<b>-</b>	<b>158</b>	<b>49,895</b>

The notes on pages 13 to 17 form part of these financial statements.

## Cash Flow Statement

	2017 EUR 000	2016 EUR 000
<b>Operating activities</b>		
Operating profit	5,212	5,204
Adjustments for:		
(Decrease)/increase in creditors relating to operating cash flows	(232)	177
Decrease/ (increase) in debtors relating to operating cash flows	455	(343)
Tax paid	(24)	(23)
Realised gain on foreign exchange	1	2
Interest payable	(5,100)	(5,090)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>312</b>	<b>(73)</b>
<b>Investing activities</b>		
Purchase of other investments	(6,263)	(4,883)
Divestment of other investments	6,999	1,374
<b>Net cash inflow/(outflow) from investing activities</b>	<b>736</b>	<b>(3,509)</b>
<b>Financing activities</b>		
Issue of loan notes	5,526	4,910
Redemption of loan notes	(6,572)	(1,123)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(1,046)</b>	<b>3,787</b>
<b>Movement in cash in the year</b>	<b>2</b>	<b>205</b>
<b>Cash at the beginning of the year</b>	<b>205</b>	<b>-</b>
<b>Cash at the end of year</b>	<b>207</b>	<b>205</b>

The notes on pages 13 to 17 form part of these financial statements.

## Notes to the financial statements

### 1. Accounting policies

GGE UK 2 Limited ("the Company") is a company incorporated and domiciled in the UK. These financial statements are prepared for the year to 31 December 2017 ("the year").

#### **Basis of preparation**

The Company's financial statements have been prepared in accordance with UK Generally Accepted Accounting Principles including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006.

These financial statements present information about the Company as an individual undertaking and not about its group. The Company's ultimate parent, Prudential Plc, includes the Company in its consolidated financial statements. These consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are publically available. Accordingly, the Company may adopt FRS 102 and take advantage of reduced disclosure exemptions.

The principal accounting policies adopted have been set out below:

#### **a) Investments in subsidiaries**

The Company's investment in its subsidiary is held at cost less impairment losses. At the end of each reporting period, the Directors review the carrying amounts of fixed asset investment to determine whether there is any indication that the asset has suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised immediately in the Statement of Comprehensive Income.

In assessing recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

#### **b) Investment income**

Investment income is earned on debt securities held. Interest income from debt securities is accounted for on an accruals basis.

#### **c) Tax**

Tax is recognised in the Statement of Comprehensive Income 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 for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### **d) Functional and presentation currency**

The Company's functional currency is considered to be the Euro ("EUR"). The Directors have chosen the Euro as the Company's presentation currency. The Euro is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions that affect the Company, given that GGE A.S group's functional currency is EUR. All amounts within these financial statements are rounded to the nearest thousand.

## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

#### e) Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### f) Interest payable

Interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

#### g) Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue their operations for the foreseeable future. In support of this expectation the Directors are unaware of any factors likely to affect the Company in the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the annual report and financial statements.

### 2. Use of judgements and estimates

In preparing these financial statements, the Directors have made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The judgement the Directors apply is whether there should be any impairment booked as part of their review.

### 3. Investment income

	2017 EUR 000	2016 EUR 000
Interest received on debt securities	<u>5,240</u>	<u>5,226</u>

### 4. Operating expenses

	2017 EUR 000	2016 EUR 000
Auditor's remuneration – audit fee	9	4
Other professional fees	<u>19</u>	<u>18</u>
	<u>28</u>	<u>22</u>

## Notes to the financial statements (continued)

### 5. Interest payable

	2017 EUR 000	2016 EUR 000
Interest payable on loans to group undertakings	4,903	4,867
Interest payable on 9.75% loan notes	197	223
	<u>5,100</u>	<u>5,090</u>

### 6. Tax

#### a) Analysis of charge in the year:

##### Current tax

Tax on profit on ordinary activities:

	2017 EUR 000	2016 EUR 000
Current tax: UK Corporation tax	22	23
Total current tax	<u>22</u>	<u>23</u>

#### b) Factors affecting tax charge for the year:

The tax assessed in the year is the same as the standard rate of Corporate Tax in the UK and the differences are explained below.

	2017 EUR 000	2016 EUR 000
Profit on ordinary activities before tax	<u>113</u>	<u>116</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	22	23
Total tax expense	<u>22</u>	<u>23</u>

#### c) Factors that may affect future tax charges:

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce any future current tax charge for the Company accordingly.

### 7. Directors' emoluments

No emoluments were paid to the Directors during the year in connection with the management of the affairs of the Company.

Two of the Directors exercised Prudential Plc share options during the year (2016: none).

All directors were employed during the period by M&G Limited, the Company's immediate parent company. Analyses of staff costs, pension commitments and share based payments are shown in the annual report and financial statements of that company.

### 8. Employees

The Company had no employees in the year (2016: nil).



## Notes to the financial statements (continued)

### 9. Investment in subsidiary

	2017 EUR 000	2016 EUR 000
<b>Cost</b>		
At beginning of year	49,737	28
Additions	27,349	49,709
<b>At end of year</b>	<b>77,086</b>	<b>49,737</b>

The Company holds 100% of the entire issued ordinary share capital of GGE A.S, a Company incorporated in Slovakia. GGE A.S's principal activity is to act as an Investment Company. No impairments were recognised in the year (2016: EUR nil). The registered office of GGE A.S is as follows:

GGE A.S, Pekna cesta 6, 834 03, Bratislava, Slovakia

### 10. Other investments

	2017 EUR 000	2016 EUR 000
Loan notes	52,711	53,447

The loan note investments are made up of EUR 50,111,000 (2016: EUR 53,247,000) unsecured loan notes repayable on demand issued with an interest rate of 10% and EUR 2,600,000 (2016: EUR 200,000) of interest free unsecured loan notes repayable on demand held in GGE A.S.

### 11. Debtors

	2017 EUR 000	2016 EUR 000
Accrued investment income	1,332	1,787

### 12. Creditors - amounts falling due within one year

	2017 EUR 000	2016 EUR 000
Amounts owed to group undertakings	52,681	51,179
Interest bearing loan notes (9.75%)	-	2,346
Interest free loan notes	-	200
Corporation tax	11	13
Accrued interest payable	1,296	1,534
Accrued expenses	13	9
	<b>54,001</b>	<b>55,281</b>

The amounts owed to group undertakings includes EUR 50,071,000 (2016: EUR 51,172,000) of unsecured loan notes repayable on demand issued with an interest rate of 9.75% payable to GGE SLP LP. Unsecured interest bearing 9.75% loan notes of EUR 2,346,000 were repaid during the year. Unsecured interest free loans of EUR 200,000 were repaid in the year.

### 13. Called up share capital

	2017 EUR 000	2016 EUR 000
<b>Allotted, issued and fully paid</b>		
49,737,467 (2016: 49,737,466) ordinary shares of EUR 1 each	49,737	49,737

On 20 December 2017, the Company allotted GGE UK 1 Limited 1 ordinary share with a nominal value of EUR 1 including a share premium of EUR 27,349,000.

## Notes to the financial statements (continued)

### 14. Reserves

	2017 EUR 000	2016 EUR 000
Profit and loss account		
As at beginning of year	158	65
Profit for the year	91	93
<b>As at end of year</b>	<b>249</b>	<b>158</b>

### 15. Financial Instruments

#### Financial assets

The Company holds loan notes in its investment undertaking. The loan notes are held at cost, which is deemed as a reasonable approximation of amortised cost. The loan notes held are made up of EUR 50,110,000 (2016: EUR 53,247,000) unsecured, repayable on demand loan notes issued with an interest rate of 10% and EUR 2,600,000 (2016: EUR 200,000) of unsecured, repayable on demand loan notes issued interest free.

#### Financial Liabilities

The Company has issued loan notes which are held at amortised cost, where the fair value of the loan notes is deemed a reasonable approximation of amortised cost. The loan notes issued are made up of EUR 50,071,000 from GGE SLP LP (2016: EUR 51,172,000), EUR Nil (2016: EUR 2,346,000) of unsecured loan notes redeemable on demand with an interest rate of 9.75%, and EUR 2,600,000 (2016: EUR 200,000) of unsecured loan notes, redeemable on demand issued interest free.

### 16. Related party transactions

During the year to 31 December 2017 the Company had interest payable to GGE SLP LP of EUR 4,903,000 (2016: EUR 4,867,000) of which EUR 1,267,000 (2016: EUR 1,467,000) remained outstanding at the year end. There were no other related party transactions other than those disclosed in notes 10, 11 and 12.

In accordance with paragraph 33.1A of FRS 102, the Company has not disclosed transactions with wholly owned group companies.

GGE UK 1 Limited bought the remaining 4% of the entity in the year thereby owning 100% of GGE UK 2 Limited (2016: 96%).

### 17. Immediate and ultimate controlling party

The ultimate parent company of GGE UK 2 Limited is Prudential Plc, a company registered in England and Wales. Consolidated financial statements are prepared by Prudential Plc and copies of these are available from the registered office at Laurence Pountney Hill, London, EC4R 0HH.

The Company's immediate parent company is GGE UK 1 Limited, a company registered in England and Wales.

### 18. Post balance sheet events

On 11 January 2018, one ordinary share was allotted to GGE UK1 Limited with a nominal value of EUR 1 for an aggregate subscription consideration of EUR 29,722,178.91.

On 6 March 2018, one ordinary share was allotted to GGE UK 1 Limited with a nominal value of EUR 1 for an aggregate subscription consideration of EUR 2,600,000.