

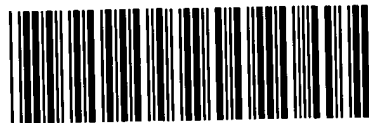
EP UK Investments Limited

Annual Report and Financial Statements

For the Year ended 31 December 2019

Registered Number - 09255154

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Contents

Directors

Daniel Křetínský

Jan Špringl

Marek Spurný

Pavel Horský

Tarloke Singh Bains

Company Secretary

James Chiodini (appointed 4 June 2020)

John Marcus Nettleton (resigned 24 May 2020)

Registered office

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7-9 St James's Street

London

SW1A 1EE

Independent Auditor

KPMG LLP

Chartered Accountants

1 Sovereign Square

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EP UK Investments Limited
Strategic Report
For the Year-ended 31 December 2019

The directors present their Strategic Report on the Company for the year ended 31 December 2019.

Principal activities

EP UK Investments Limited (“the Company”) is a limited company incorporated and domiciled in England and Wales. The Company’s principal activity is the holding of investments and the provision of commodity trading services for subsidiary companies.

The Company is a subsidiary undertaking of EP Power Europe, a.s (“EPPE”), incorporated in the Czech Republic.

The largest group in which the results of the Company are consolidated is that headed by Energetický a průmyslový holding, a.s. (“the Group”).

Results

The loss for the financial year was (£3,304,000) (2018: profit £2,922,000).

Review of the business

The Company continues to hold investments in power generation assets, Langage and South Humber Bank, two CCGT power plants with a total capacity of 2,300MW, and Lynemouth Power, a 400 MW Biomass plant. EPUKI also continues to explore investment opportunities, currently owning consented land at Kings Lynn and Eggborough.

On the 12 June 2019, the Company acquired Ballylumford and Kilroot power stations in Northern Ireland from AES Corporation. Ballylumford is a 708MW gas-fired plant and Kilroot is a 701MW coal and oil-fired plant as well as a 10MW Kilroot energy storage facility.

In October EPUKI went on to acquire 80% of the shares of Tynagh Energy Limited, a 400MW CCGT power plant in the Republic of Ireland.

During the period, EPUKI was granted planning consent for an energy from waste plant located on land adjacent to the South Humber Bank CCGT.

As well as being a holding company, EPUKI is the nominated commodity trading business for its assets in Great Britain, through external commodity (power, gas, carbon) contracts, whilst earning a trading commission for this service.

The financial position of the Company is shown on the Statement of Financial Position on page 11.

Key performance indicators

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

Principal risks and uncertainties

The principal risks and uncertainties impacting on the Company are discussed in the context of the Group, as a whole, in its Consolidated Annual Report and Financial Statements. These risks are managed on a group-wide basis.

Going Concern

Notwithstanding net current liabilities of £202,470k as at 31 December 2019 (2018: £176,973k) and a loss for the year ended of £3,304k (2018: profit £2,922k), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements. The cash flow forecasts have been sensitised to include severe but plausible downside scenarios, and the company has concluded that has sufficient funds through funding from its immediate parent company, EP Power Europe, a.s, to meet its liabilities as they fall due for that period.

EP UK Investments Limited
Strategic Report (continued)
For the Year-ended 31 December 2019

Going Concern (continued)

Those forecasts are dependent on EP Power Europe, a.s, not seeking repayment of the amounts currently due to the group, which at 31 December 2019 amounted to £458,207k, and providing additional financial support during that period. EP Power Europe, a.s has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The company has closely monitored the spread of Covid-19 and its resulting impact on staff, the economy, energy markets and relevant supply chains. Policies and measures have been put in place dynamically, based on the most up to date information, to maintain the safety of its employees and minimise disruption to the business. EPUKI believes that the impact on staff, the economy, energy markets and supply chains does not impact the financial statements for the year ending 31 December 2019 or the assumptions used in their preparation.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Future developments

The Company continues to provide commodity trading for its subsidiaries and evaluates investment opportunities in the UK power market.

On the 23 March 2020, the company acquired Humbly Grove Energy Limited from Petronas Energy Limited. Humbly Grove owns and operates an underground gas storage facility.

On behalf of the Board



Tarloke Singh Bains
Director, 29 June 2020

EP UK Investments Limited
Directors report
For the Year-ended 31 December 2019

The directors present their report and the audited financial statements for the year ended 31 December 2019.

Directors

A list of Directors who served during the year can be found on page 1.

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 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.

Dividends

No dividend is proposed (2018: nil).

Political and Charitable Donations

There were no political donations in the year, the company made a charitable donation of £80k in the year (2018: £80k).

Directors Duties

The Directors of the Company, as those of all UK Companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006. The Directors consider that they have acted in good faith.

The Directors recognise their duty to act in a way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole in accordance with section 172 of the UK Companies Act 2006. The Directors' section 172 duties are part of Board discussions. The Directors continue to have regard to the interest of the company's key stakeholders and, throughout the year, the Board and management engage with key stakeholders on items relevant to them.

Risk Management

The Directors effectively identify, evaluate, manage and mitigate the risks the Company faces. For details of these please refer to the EPH Group Accounts.

Our People

The Directors are committed to the Company being a responsible business. Safety of our people is paramount, many of the workforce are trained safety representatives. For the Company to succeed staff are developed and managed whilst ensuring efficient operation.

The Company engages regularly with the union representatives and staff to provide an open forum for discussions. Regular communication helps to aid engagement and is welcomed by the employees.

Business Relationships

The Directors ensure that management operate the business in a responsible manner with high standards of conduct and governance as set out in the Company's policies.

The Company values its suppliers and have multi-year contracts with key suppliers. Regular meetings to review performance and feedback occur and development of strong collaborative relationships and encouraged through this process.

EP UK Investments Limited
Directors report (continued)
For the Year-ended 31 December 2019

Community and Environment

The Directors continue to focus on the social and environmental aspects of the business and keep an open and active dialogue with different stakeholders in the region. The Company carefully considers the environmental, social and economic aspects relevant to the operations and does the utmost to maintain a balanced approach to decision making.

Statement as to disclosure of information to Auditor


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 Auditor is 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 Auditor is aware of that information.

Independent Auditor

Following a competitive tender in respect of the EPH Group, KPMG LLP will resign as auditors. Deloitte LLP will be appointed as auditors for the year ending 31 December 2020.

On behalf of the Board



Tarloke Singh Bains
Director
29 June 2020

EP UK Investments Limited
Statement of directors' responsibilities
For the Year-ended 31 December 2019

Statement of directors' responsibilities in respect of Strategic Report, The Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the 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 are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors report to the members of EP UK Investments Limited

Opinion

We have audited the financial statements of the Company for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and 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 the strategic report and the directors' report;
- in our opinion the information given in those reports 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.

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

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, 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.

Directors' responsibilities

As explained more fully in their 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; 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 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 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.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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.

David Morrith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
June 2020

EP UK Investments Limited
Statement of Comprehensive Income
For the year ended 31 December 2019

		2019	2018
	Note	£000	£000
Revenue	3	8,812	7,483
Cost of sales		80	247
Gross Margin		8,892	7,730
Administrative expenses	4	(18,100)	(15,949)
Other net gain	6	4,156	1,838
Dividend received		-	400
Operating Loss		(5,052)	(5,981)
Financing			
Interest receivable	7	7,982	9,719
Interest payable	8	(6,323)	(1,072)
(Loss)/profit before income tax		(3,393)	2,666
Taxation	9	89	256
(Loss)/profit for the year attributable to the equity shareholders		(3,304)	2,922
Attributable to;			
- Owners of the Company		(3,304)	2,922
Total (loss)/profit for the period attributable to the equity shareholders		(3,304)	2,922

The accompanying notes on pages 13 to 26 are an integral part of this Statement of Comprehensive Income. All results relate to continuing activities. There were no other recognised gains or losses in the current period; accordingly, a Statement of Other Comprehensive Income has not been presented.

EP UK Investments Limited
Statement of Financial Position
As at 31 December 2019

	Note	2019 £000	2018 £000
Non-current assets			
Investments in subsidiaries	10	331,176	213,708
Tangible assets	11	749	295
Intangible assets	12	2,199	6,546
Amounts due from other Group companies (after more than one year)	13	-	92,215
		334,124	312,764
Current assets			
Amounts due from other Group companies	13	269,460	163,540
Trade receivables and other debtors	14	102,077	92,469
Inventory	15	18,945	-
Deferred tax asset	16	2,127	1,081
Cash and cash equivalents	17	7,206	38,908
		399,815	295,998
Current Liabilities			
Amounts due to other Group companies	18	(500,237)	(387,032)
Trade payables and other payables	19	(101,848)	(85,838)
Deferred tax liability	16	-	(101)
Amounts due to other creditors	20	(200)	-
		(602,285)	(472,971)
Net current liabilities		(202,470)	(176,973)
Non-current liabilities			
Amounts due to other creditors	20	-	(833)
		-	(833)
Net assets		131,654	134,958
Shareholders' equity			
Equity attributable to the owners of the parent			
Called-up share capital	21	-	-
Share premium account	22	106,650	106,650
Capital redemption reserve	23	112,860	112,860
Profit and loss account		(87,856)	(84,552)
Shareholders' funds		131,654	134,958

The notes on pages 13 to 26 form part of these financial statements.

The financial statements on pages 10 to 26 were approved by the Board of Directors on 27 June 2020 and were signed on its behalf by:

Tarloke Singh Bains
 Director



Company number: 09255154

EP UK Investments Limited
Statement of changes in equity
As at 31 December 2019

	Called- up share capital	Share premium account	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2018	-	-	112,860	(87,474)	25,386
Share premium on issue of shares	-	106,650	-	-	106,650
Total comprehensive income	-	-	-	2,922	2,922
At 31 December 2018	-	106,650	112,860	(84,552)	134,958
At 1 January 2019	-	106,650	112,860	(84,552)	134,958
Total comprehensive income	-	-	-	(3,304)	(3,304)
At 31 December 2019	-	106,650	112,860	(87,856)	131,654

The Company has £2 ordinary share capital that is made up of 200 ordinary shares of £0.01 each.

The notes on pages 13 to 26 form part of these financial statements.

EP UK Investments Limited
Strategic Report
For the Year-ended 31 December 2019

1. General information

EP UK Investments Limited is a limited company incorporated and domiciled in England. The Company's principal activity is the holding of investments and the provision of commodity trading services for subsidiary companies.

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 have been prepared on a going concern basis (as set out in the Strategic Report), in a historical cost convention and in accordance with acceptable United Kingdom financial reporting and accounting standards. The financial statements have been prepared in pounds sterling because that is the currency of the primary economic environment in which the Company operated. The Company is incorporated in England and is limited by shares.

The Company meets the definition as a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements are prepared under FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, cash flow statement, capital management, presentation of comparative information in respect of certain assets, disclosure of standards not yet effective and presentation of related party transactions.

The Company's shareholders do not object to the disclosure exemptions used by the Company in these financial statements.

These financial statements are separate financial statements. Note 25 gives the details of the Company's ultimate parent, from where consolidated financial statements prepared in accordance with IFRS may be obtained.

2.2 Going concern

Notwithstanding net current liabilities of £202,470k as at 31 December 2019 (2018: £176,973k) and a loss for the year ended of £3,304k (2018: profit £2,922k), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements. The cash flow forecasts have been sensitised to include severe but plausible downside scenarios, and the company has concluded that it has sufficient funds through funding from its immediate parent company, EP Power Europe, a.s, to meet its liabilities as they fall due for that period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

2.2 Going Concern (continued)

Those forecasts are dependent on EP Power Europe, a.s, not seeking repayment of the amounts currently due to the group, which at 31 December 2019 amounted to £458,207k, and providing additional financial support during that period. EP Power Europe, a.s has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The company has closely monitored the spread of Covid-19 and its resulting impact on staff, the economy, energy markets and relevant supply chains. Policies and measures have been put in place dynamically, based on the most up to date information, to maintain the safety of its employees and minimise disruption to the business. EPUKI believes that the impact on staff, the economy, energy markets and supply chains does not impact the financial statements for the year ending 31 December 2019 or the assumptions used in their preparation.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.3 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'.

2.4 Investment in subsidiaries and joint venture

Investments are measured initially at cost, 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 EP Power Europe, a.s which prepares consolidated financial statements (see note 10).

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

All interest-bearing loans are initially recognised at the fair value of the consideration received less directly attributable transactions costs. After initial recognition at fair value, loans are held at amortised cost. Borrowing costs are capitalised with the loan balance and amortised over the life of the loan.

Loans from parent undertakings with terms that are different to arms-length market rates are also reported at fair value, with appropriate adjustment recognised and released over the term of the loan (unless considered to be repayable on demand).

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

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.

2.8 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit and losses, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised in respect of all temporary differences identifies at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill (if impairment of goodwill is not deductible for tax purposes) or the initial recognition of an asset or liability in a transaction which is a

business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are the difference between the carrying amount of the company's assets and liabilities and their tax base.

Deferred tax liabilities are offset against deferred tax assets when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits within the same jurisdiction in the foreseeable future against which the deductible temporary difference can be utilised.

Deferred tax is provided on temporary differences arising on subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and law that have been enacted or substantively enacted by the balance sheet date. Measurement of deferred tax liabilities and assets reflects the tax consequences expected from the manner in which the asset or liability is recovered or settled.

The amount of deferred tax provided is based on the expected manner of realisation or settlement using tax rates that have been enacted or substantively enacted at the balance sheet date.

2.9 Tangible assets

Fixtures and fittings are measured initially at cost including direct attributable costs. The estimated useful lives are as follows:

Fixtures and fittings 4 years

Right of Use Assets are calculate in line with IFRS 16 – Leases and are depreciated as follows:

Right of Use Assets Depreciated over the minimum lease term

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

2.10 Intangible assets

Intangible assets are measured initially at cost including direct attributable costs. The estimated useful lives are as follows:

<i>Software</i>	<i>4 years</i>
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2.11 Intangible assets – EUA allowances

Carbon assets arise upon the purchase of CO2 emission allowances required for the current financial year and are recognised at cost net of any impairment. Given their short tenor, carbon assets are not amortised.

2.12 Receivables

Receivables are initially recognised at fair value and subsequently at amortised cost. Receivables are disclosed in accordance with their maturity as current or non-current in the statement of financial position. Non-current receivables are due in more than one year of the balance-sheet date.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances on hand and in banks, cash deposited with central banks and short-term highly liquid investments with remaining maturities of three months or less, including treasury bills and other bills eligible for rediscounting with central banks.

2.14 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities and is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be measured reliably.

The Company trades commodities on behalf of three of its subsidiaries, EP Langage Limited, EP SHB Limited and Lynemouth Power Limited. As such the Company is acting as an agent and therefore recognises solely the commission earned through providing such services as revenue.

Revenue is recognised on an accruals basis and is shown net of sales/value added tax, returns, rebates and discounts.

2.15 Leases

The Company has applied IFRS 16: Leases from 1 January 2019 for the period. This has been adopted using the modified retrospective method and as a result the comparatives have not been restated and are reported under IAS 17, with no adjustments to opening reserves.

As a lessee, the Company leases office buildings, and under IFRS the Company recognised a lease liability, being the future fixed and variable payments discounted using the Incremental Borrowing rate, and a Right of use Asset, being the lease liability adjusted for any initial costs and estimated costs of asset restoration.

Interest on the lease liability is included within Finance expenses, and depreciation on the Right of use Asset is recognised in Administration expenses.

Any immaterial leases are recognised as an expense in the Income statement along the length of the initial lease term.

The Company has not entered into any transactions which would cause the Company to act as a lessor.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the Directors may be required to make judgements, estimates and assumptions about the carrying amounts of asset and liabilities that are not readily apparent from other sources. Such estimates and the associated assumptions would be based on historical experience or other factors that are considered to be relevant. Actual result may differ from these estimates.

Critical accounting judgements

a) Measurement at fair value

A number of the Company's accounting policies requires measurement of fair values, specifically group loans received at beneficial rates and Mark to Market financial contracts. Fair value measurement requires an element of judgement in determining the most relevant inputs and valuation techniques.

b) Investments

Judgement is required in determining the carrying amount of investment balances. This involves assessing whether the carrying value can be supported by the net present value of future cashflow forecasts to be derived from the investment. This forecast involves cash flow projections and selecting the appropriate discount rate.

3. Revenue

	Year ended 31 December 2019	Year ended 31 December 2018
	£000	£000
Commodity Trading Commission	8,812	7,483

All revenue is derived from transactions with subsidiary companies.

4. Administrative expenses

	Year ended 31 December 2019	Year ended 31 December 2018
	£000	£000
Audit performed by Auditor	50	21
Fees paid to the auditor in respect of tax and other services	111	46
Other operating expenditure and professional fees	16,912	12,641
Staff expenditure (note 5)	7,218	4,648
Acquisition related expenditure	268	492
Recharges from other group companies	318	3,055
Recharge to other group companies	(6,777)	(4,954)
	18,100	15,949

Recharges to and from other group companies are in respect of management, shared support functions and shared project costs.

KPMG LLP was the Company's auditor for both periods.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

5. Staff numbers and costs

Number of employees	Year ended 31	Year ended 31
	December 2019	December 2018
	Number	Number
Management and support staff	56	47

The aggregate payroll costs of these persons were as follows:

	Year ended 31	Year ended 31
	December 2019	December 2018
	£000	£000
Wages and salaries	6,071	3,986
Social security costs	711	336
Pension costs	436	326
	7,218	4,648

5. Staff numbers and costs (continued)

Employment costs for one director were transferred from Eggborough Power Limited on 1 April 2018. All other directors included on page 1 were paid and expensed in a parent Company.

Directors' remuneration

	Year ended 31	Year ended 31
	December 2019	December 2018
	£000	£000
Directors' remuneration	713	688

The aggregate remuneration of the highest paid director is £713k December 2019; £688k for the year ended 31 December 2018).

6. Other gain/(losses) net

	Year ended 31	Year ended 31
	December 2019	December 2018
	£000	£000
Mark to market on financial contracts – gain	26,693	73,670
Mark to market on financial contracts – (loss)	(22,537)	(71,832)
	4,156	1,838

Notes to the Financial Statements (continued)
For the year ended 31 December 2019

7. Interest receivable

	Year ended 31 December 2019	Year ended 31 December 2018
	£000	£000
Interest receivable on loans to subsidiaries	7,464	9,719
Other interest received	518	-
	7,982	9,719

8. Interest payable

	Year ended 31 December 2019	Year ended 31 December 2018
	£000	£000
Interest on group loan	5,732	701
Other interest paid	591	371
	6,323	1,072

Notes to the Financial Statements (continued)
For the year ended 31 December 2019

9. Taxation

Tax on profit/(loss) on ordinary activities

<i>UK corporation tax</i>	Year ended 31 December 2019	Year ended 31 December 2018
	£000	£000
Adjustment in respect of prior year	1,058	-
Total current tax	1,058	-

<i>Deferred tax</i>	Year ended 31 December 2019	Year ended 31 December 2018
	£000	£000
Adjustments in respect of prior year	(1,859)	-
Current year	712	(256)
Total deferred tax (credit) / debit	(1,147)	256

<i>Tax on Profit</i>	Year ended 31 December 2019	Year ended 31 December 2018
	£000	£000
Total Corporation tax	1,058	-
Total deferred tax	(1,147)	256
Total deferred tax (credit) / debit	(89)	256

The charge for the year incorporates adjustments in respect of both trading and non-trading losses in the Company in the anticipation of both future trading profits and non-trade loan relationship income.

Reconciliation of effective tax rate

The tax expense for the year is higher (2018: higher) than the expense that would have been charged using the standard rate of corporation tax in the UK of 19% (2018: 19%) applied to the profit/(loss) before tax. The differences are explained below:

	Year ended 31 December 2019	Year ended 31 December 2018
	£000	£000
(Loss)/ profit before income tax	(3,393)	2,666
Tax at corporation tax rate (2019: 19%)/(2018: 19%)	(645)	(507)
Tax impact of non-deductible expenses	1,222	116
Deferred tax movement	-	(256)
Impact of rate change	135	-
Adjustment in respect of prior years - CT	1,058	-
Adjustment in respect of prior years - DT	(1,859)	-
Utilisation of Group tax losses (17%)	-	(2,275)
Tax credit for the year	(89)	(256)

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31 December has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the Company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £250,000.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

10. Investments in subsidiaries

Cost and net book value	£'000
At 1 January 2019	213,708
<i>Additions in year</i>	
EP Ballylumford Limited	58,547
EP Kilroot Limited	34,551
Tynagh Energy Limited	24,370
At 31 December 2019	331,176

The Company has the following investment in subsidiaries:

Investment	Class of shares	Holding	Principal activity	Investment £'000
Eggborough Power Limited	Ordinary	100%	Energy by-products	£Nil
EP UK Finance Limited	Ordinary	100%	Non-trading Company	£20,000
EP Langage Limited	Ordinary	100%	Power generation	£100,608
EP SHB Limited	Ordinary	100%	Power generation	£50,248
Lynemouth Power Limited	Ordinary	100%	Power generation	£38,600
RVA Group Limited	Ordinary	100%	Holding Company	£4,252
EP Ballylumford Limited	Ordinary	100%	Power generation	£58,547
EP Kilroot Limited	Ordinary	100%	Power generation	£34,551
Tynagh Energy Limited	Ordinary	80%	Power generation	£24,370

Where active, subsidiary undertakings operate in the country of incorporation. The registered office for all companies unless noted below is: Byron House 7 – 9 St James' Street, London, SW1A 1EE

Eggborough Power Limited: Ground floor, Paradigm Building, 3175 Century Way, Thorpe Park, Leeds, LS15 8ZB.

Lynemouth Power Limited: Lynemouth Power Station, Ashington, Northumberland, NE63 9NW.

RVA Group Limited: 54 Bootham, York, YO30 7XZ

EP Ballylumford Limited: Ballylumford, Islandmagee, Larne Co Antrim, BT40 3RS

EP Kilroot Limited: Kilroot Power Station, Larne Road, Carrickfergus, Co Antrim, BT38 7LX

Tynagh Energy Limited: Block A, The Crescent Building, Northwood Park, Santry, Dublin 9, D09 X8W3, Ireland

Notes to the Financial Statements (continued)
For the year ended 31 December 2019

11. Tangible assets

Tangible assets	Right of use asset £'000	Fixtures & fittings £'000	Total £'000
Cost			
Balance at 1 January 2019	-	295	295
Additions	792	-	792
Transfers	-	105	105
Balance at 31 December 2019	792	400	1,192
Depreciation and impairment			
Balance at 1 January 2019	-	-	-
Depreciation charge for the year	343	100	443
Balance at 31 December 2019	343	100	443
Net book value			
At 31 December 2018	-	295	295
At 31 December 2019	449	300	749

12. Intangible assets

Intangible assets	Software £'000	EUA Allowances £'000	Total £'000
Cost			
Balance at 1 January 2019	3,973	3,276	7,249
Additions	-	-	-
Disposals	-	(2,043)	(2,043)
Transfers	(105)	(1,233)	(1,338)
Balance at 31 December 2019	3,868	-	3,868
Depreciation and impairment			
Balance at 1 January 2019	703	-	703
Amortisation charge for the year	966	-	966
Balance at 31 December 2019	1,669	-	1,669
Net book value			
At 1 January 2019	3,270	3,276	6,546
At 31 December 2019	2,199	-	2,199

EUAs (European Emission Allowances) are intangible assets which represent EUA certificates purchased to meet the UK Group's obligation under the European Union Emissions Trading System.

The right of use asset has been recognised in accordance of IFRS16 and is in relation to the lease for the Office based at Thorpe Park, Leeds.

During the year, there was a reclassification of fixed assets that had previously classified as intangible. No amortisation had been charged at the point of transfer.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

13. Amounts due from other Group companies

	2019	2018
	£000	£000
Group balances due within one year		
Group loan receivable within 1 year (Group Loan 1 – 3)/ (2018: Group loan 1)	244,370	144,692
Intercompany receivables within 1 year	25,090	18,848
Group balances due after one-year		
Intercompany loans due after 1 year (Group Loan 2 & 3)	-	92,215
	269,460	255,755

Intercompany balances are repayable upon demand at 0% interest and are reported on a net basis. The above loans are all with fellow subsidiary companies. Balances are reported including accumulated interest receivable.

Group Loan 1: balance at 31 December 2019: principal £147,674k, accrued interest £830k
Interest is charged at 2.6%pa. This loan is repayable on the 31 December 2020.

Group Loan 2: moved from non-current to current liabilities in the year. Balance at 31 December 2019: Principal £71,291k, accrued interest £3,187k. Interest is charged at 4%pa. This loan is repayable on 29 August 2020.

Group Loan 3: moved from non-current to current liabilities in the year. Balance 31 December 2019: principal £20,463k, accrued interest £926k. Interest is charged at 4%pa. This loan is repayable on 29 August 2020.

14. Trade receivables and other debtors

	2019	2018
	£000	£000
Trade receivables	71,704	89,059
Other debtors	2,711	2,441
Financial asset (mark to market of commodity contracts)	27,662	969
	102,077	92,469

15. Inventory

	2019	2018
	£000	£000
Spare parts	18,945	-
	18,945	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

16. Deferred tax asset

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Tangible fixed assets	155	-	-	(101)	155	(101)
Tax value of loss carry-forwards	1,965	1,076	-	-	1,965	1,076
Provisions	8	5	-	-	8	5
Tax (assets) / liabilities	2,128	1,081	-	(101)	2,128	980
Net-of-tax-liabilities/(assets)						
Net tax (assets) / liabilities	2,128	1,081	-	(101)	2,128	980

Movement in deferred tax during the year	1 January	Recognised in	31 December
	2019 £000	income statement 2019 £000	2019 £000
Tangible fixed assets	(101)	256	155
Tax value of loss carry-forwards	1,076	889	1,965
Provisions	5	2	8
	980	1,147	2,127

Movement in deferred tax in prior year	1 January	Recognised in	31 December
	2018 £000	income statement 2019 £000	2018 £000
Tangible fixed assets	(92)	(9)	(101)
Tax value of loss carry-forwards	811	265	1,076
Provisions	5	-	5
	724	256	980

Deferred tax assets are recognised as there is an expectation of future profits.

17. Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank	5,559	35,616
Restricted cash	1,647	3,292
	7,206	38,908

Restricted cash is held as collateral on commodity exchanges for trading purposes.

Notes to the Financial Statements (continued)
For the year ended 31 December 2019

18. Amounts due to other Group companies

	2019	2018
	£000	£000
Group balances payable within 1 year		
Intercompany payables	42,030	29,403
Group loan (2019: 2,3,4 2018: 1 – 4)	458,207	357,629
	500,237	387,032

Intercompany payables are repayable upon demand, at 0% interest. Intercompany balances are reported on a net basis. The above loans are all with the Company's parent (EPPE). Balances are reported including accumulated interest receivable.

Group Loan 1: principal amount €30,000k interest charged at 0%. This loan was repaid in full by the Company on 5 January 2019.

Group Loan 2: during the year, £96,300k was drawn down on this loan. The principal balance of the loan at 31 December 2019 is £211,222k. The term of the loan was extended from 30 June 2019 to 31 December 2020. Interest remains at 0%.

Group Loan 3: principal amount £220,320k accrued interest £1,270k, interest is charged at 2.6%pa. This loan is repayable on 31 December 2020.

Group Loan 4: during the year €28,610k EUR was drawn down on this loan. The principal balance of the loan at 31 December 2019 is €29,849k EUR. The term of the loan was extended to 31 December 2020 and interest remains at 0%.

19. Trade payables and other payables

	2019	2018
	£000	£000
Trade payables	51,554	57,839
Other payables	25,983	26,226
Financial liability (mark to market of commodity contracts)	24,311	1,773
	101,848	85,838

The Directors consider the carrying amount of trade and other creditors approximate to their fair values.

20. Amounts due to other creditors

	2019	2018
	£000	£000
Other creditor	200	833

This consists of deferred consideration in respect of RVA Group Limited, a subsidiary of the Company. The Company reassessed the expected earn-out payment and concluded it was fairly likely a payment will be triggered in 2020.

Notes to the Financial Statements (continued)
For the year ended 31 December 2019

21. Called-up share capital

	2019	2018
	£	£
Allotted and fully paid:		
200 Ordinary shares of £0.01 each (2018: 200)	2	2
Total	2	2

	2019	2018
	£000	£000
100 shares	106,650	106,650
Total	106,650	106,650

	2019	2018
	£'000	£'000
23. Capital redemption reserve		
	112,860	112,860

Where loan finance is advanced by group undertakings at interest rates which are lower than market rates, the opening value of the loan is shown at a discounted fair value. The difference is posted to the capital redemption reserve, an equal amount of interest is recognised over the term of the loan as interest payable.

Group financing due within one year or where no loan agreement exists is not subject to fair value adjustments.

24. Financial risk management, objectives and policies

The Company is funded by several loans from Group Companies owned by Energetický a průmyslový holding, a.s. Financial risks and management of those risks are included in the Consolidated Annual Report and Financial Statements.

25. Immediate and Ultimate Parent Company undertakings

The Company is a subsidiary undertaking of EP Power Europe, a.s., a wholly owned subsidiary of Energetický a průmyslový holding, a.s. EP Investment S.a r.l. is the ultimate parent company, incorporated in Luxembourg. The ultimate controlling party is Daniel Křetínský, who is the majority shareholder.

The largest group in which the results of the Company are consolidated is that headed by EP Investment S.a r.l., its registered office is 39, Avenue John F. Kennedy, L-1855 Luxembourg .

The smallest group in which the results are consolidated is that headed by EP Power Europe, a.s. its registered office is Pařížská 26, 110 00 Prague 1, Czech Republic.

The consolidated financial statements of these groups are available to the public and may be obtained from offices of each company.

26. Subsequent events

On the 23 March 2020, the company acquired Humbly Grove Energy Limited from Petronas Energy Limited. Humbly Grove owns and operates an underground gas storage facility.