FHH No 1 Limited

Registered number: 4984508

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2018

FHH No 1 Limited
Registered number: 4984508

Strategic report

The Directors presents the Strategic report of FHH No 1 Limited (the Company) for the year ended 31 December 2018.

Principal activities

The Company is an investment holding company. The directors do not expect the current activities of the Company to change in the future.

Business review

The accompanying financial statements have been prepared in accordance with Financial Reporting Standard 101-Reduced Disclosure Framework (FRS 101) for all periods presented. The Company has taken advantage of the disclosure exemptions allowed under this standard.

The results of the Company are as follows:

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Profit for the financial year	16,200	78,649

As shown in the Company's profit and loss account on page 8, the Company's dividend income was lower than the prior year, reflecting the results of First Hydro Company and the final dividend from IPM Operations and Maintenance Limited in 2017. The Company made a profit for the financial year of £16.2m (2017: £78.6m). The Company paid interim dividends of £16.2m during the year (2017 – £75.0m). The Directors do not propose the payment of a final dividend (2017 – £nil).

The balance sheet on page 9 of the financial statements shows the Company's financial position at the year end. The shareholder's funds remained at £224.2m at the end of the year as all of the Company's income was distributed.

Risk Management objectives and policies

The Company is exposed to market risk and liquidity. The Company's senior management oversees the management of this risk. The Company's senior management is supported by ENGIE S.A.'s financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The ENGIE S.A.'s financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policy for managing this risk, which is summarised below.

Principal risks and uncertainties

Market risk
The key business risk faced by the Company is the impairment of its indirect investment in First Hydro Company, due to volatility in its markets (balancing services and wholesale markets), and plant reliability. These risks are mitigated by First Hydro Company trading the plant's generating capacity across a mixture of long term and short term markets, and by pursuing a vigorous asset management and maintenance programme to protect plant integrity.

Liquidity risk
Liquidity risk is mitigated by dividend income from First Hydro Holdings Company.

Currency risk
No direct currency risk results from the Company's principal activities.

Strategic report (continued)

Investments in group undertakings

The Company holds an investment in a subsidiary company. Although the Directors are satisfied that the recoverable amount of the Company's investments is not less than its book value, there is a risk that in future periods the book value may become impaired.

Employees

The Company had no employees (2017: none) and incurred no related costs in the financial year (2017: £nil).

Events after the end of the reporting period

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

Future developments

The Company has no significant future developments to report. The plans disclosed in the prior year's Strategic report about liquidation of the company have been cancelled. This revision followed discussions, between the Company's shareholders, about the most appropriate joint venture vehicle within the wider group structure. It was agreed that FHH No1 Limited was the most appropriate vehicle, and should therefore continue to trade for the foreseeable future, and not be liquidated.

Brexit

In the UK, the economic climate continues to be dominated by the potential impact of Brexit, leading to expectations of an overall economic slowdown within the UK. However, the Board remains confident that there will be no disruption to the business, regardless of the outcome of negotiations, and at this time no risk factors have been identified. Uncertainties remain, and the directors continue to monitor risk and to prepare for all potential outcomes.

By order of the Board

D Alcock
Director
14 August 2019

FHH No 1 Limited
Registered number: 4984508

Directors' report

The Directors presents their report and audited financial statements of FHH No 1 Limited (the Company) for the year ended 31 December 2018.

Information disclosed in the Strategic report

The following information has been disclosed in the Strategic report:

- Principal activities
- Business review
- Principal risks and uncertainties
- Employees
- Events after the end of the reporting period, and
- Future developments

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. The Strategic report also considers the principal risks and uncertainties facing the Company and its policies and processes for managing these. The Directors have prepared a cash flow forecast which, taking into account all reasonably possible changes in the trading performance of its direct and indirect subsidiaries, shows that the Company should be able to meets its liabilities as they fall due. The Company's forecasts and projections, taking account of reasonably possible changes in the trading performance of its direct and indirect subsidiaries, show that the Company should be able to operate within the level of its current facilities.

In the prior year the FHH No 1 Limited statutory accounts were prepared on a basis other than a going concern as the entity was expected to be wound up during the year as part of a restructuring exercise. During the year under review we have revisited that restructure and concluded that the company is better remaining as the top company of the First Hydro group. As such the company is expected to continue in existence for the foreseeable future as a holding company and we have no plans to liquidate the business.

Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The Directors who held office during the financial year and up to the date of this report were as follows:
D. Alcock
A. Garner
T. O'Brien
S. Pinnell

S. Gregory was Company Secretary during the financial year and up to the date of this report.

Directors' indemnity provision

During the years ended 31 December 2018 and 2017 the Company has made qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

Share capital

During the years ended 31 December 2018 and 2017 the Company's share capital comprised ordinary shares of £1 each which rank pari passu with each other in respect of all rights, including dividend, voting and return of capital.

Dividends

Interim dividends of £16.2m (2017: £75m), approved by the Board, were paid during the year in respect of the year ended 31 December 2018. The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2018 (2017: £nil).

FHH No 1 Limited
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Directors' report (continued)

Disclosure of information to the auditor

Ernst & Young LLP was the Company's statutory auditor for the year ended 31 December 2018. The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

Pursuant to Section 485 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

By order of the Board

D Alcock Director
14 August 2019

Statement of Directors' responsibilities in respect of the 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, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- make an assessment of the Company's ability to continue as a going concern.

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 its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of FHH No.1 Limited

Opinion

We have audited the financial statements of FHH No.1 Limited for the year ended 31 December 2018 which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Jennifer Hazlehurst (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Liverpool
15 August 2019

Profit and loss account
for the year ended 31 December 2018

	Note	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Income from shares in group undertakings	4	**16,200**	110,574
Exceptional items – investment impairment	6	**-**	(31,925)
Profit before taxation		**16,200**	78,649
Tax charge on profit	5	**-**	-
Profit for the financial year		**16,200**	78,649

All results in the current and preceding year were derived from continuing operations.

The notes on pages 11 to 17 form part of these financial statements.

There was no other comprehensive income attributable to the shareholders of the Company other than the profit for the financial year ended 31 December 2018 of £16.2 million (2017: £78.6 million). Accordingly no separate Statement of comprehensive income has been prepared.

FHH No 1 Limited
Registered number: 4984508

Balance sheet
as at 31 December 2018

	Note	As at 31 December 2018 £'000	As at 31 December 2017 £'000
Fixed assets			
Investments	6	**222,862**	222,862
		222,862	222,862
Current assets			
Debtors	7	**1,339**	1,339
Total assets less current liabilities		**224,201**	224,201
Net assets		**224,201**	224,201
Capital and reserves			
Called up share capital	9	**6**	6
Share premium account	9	**220,546**	220,546
Retained earnings	9	**3,649**	3,649
Equity shareholder's funds		**224,201**	224,201

The notes on pages 11 to 17 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 14 August 2019 and signed on its behalf by:

D. Alcock - Director

FHH No 1 Limited
Registered number: 4984508

Statement of changes in equity
for the year ended 31 December 2018

	Note	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
Equity shareholder's funds at 1 January 2017		4	145,261	-	145,265
Profit for the financial year		-	-	78,649	78,649
Total comprehensive income for the financial year		-	-	78,649	78,649
Dividends	10	-	-	(75,000)	(75,000)
Additional equity issued		2	75,285	-	75,287
Equity shareholder's funds at 31 December 2017		6	220,546	3,649	224,201
Profit for the financial year		-	-	**16,200**	**16,200**
Total comprehensive income for the financial year		**-**	**-**	**16,200**	**16,200**
Dividends	10	-	-	**(16,200)**	**(16,200)**
Equity shareholder's funds at 31 December 2018		**6**	**220,546**	**3,649**	**224,201**

The notes on pages 11 to 17 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2018

General information
FHH No 1 Limited (the Company) is a limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Level 20, 25 Canada Square, London E14 5LQ, United Kingdom. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 1.

These financial statements are separate financial statements. The Company's results are included in the group accounts of ENGIE S.A.. The group accounts of ENGIE S.A. are available to the public and can be obtained as set out in note 12.

1. Accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

a. Basis of preparation
Going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. The Strategic report also considers the principal risks and uncertainties facing the Company and its policies and processes for managing these. The Directors have prepared a cash flow forecast which, taking into account all reasonably possible changes in the trading performance of its direct and indirect subsidiaries, shows that the Company should be able to meets its liabilities as they fall due. The Company's forecasts and projections, taking account of reasonably possible changes in the trading performance of its direct and indirect subsidiaries, show that the Company should be able to operate within the level of its current facilities.

In the prior year the FHH No 1 Limited statutory accounts were prepared on a basis other than a going concern as the entity was expected to be wound up during the year as part of a restructuring exercise. During the year under review we have revisited that restructure and concluded that the company is better remaining as the top company of the First Hydro group. As such the company is expected to continue in existence for the foreseeable future as a holding company and we have no plans to liquidate the business.

Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council and in accordance with applicable accounting standards. Copies of the Group's consolidated financial statements can be obtained from First Hydro Holdings Company, whose address is detailed in Note 12. These financial statements have also been prepared on the going concern basis, and under the historical cost convention, except for certain financial instruments that are measured at fair value as explained in the accounting policy below.

New and revised IFRSs applied
The Company applied IFRS 15 and IFRS 9 for the first time during 2018. The adoption of these new standards have not resulted in any material effect on the financial statements. The Company has not adopted any standards, interpretations or amendments that have been issued but are not yet effective.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:
- financial instruments as required by IFRS 7 Financial Instruments: Disclosures;
- financial instrument valuation techniques and inputs used for fair value measurement as required by IFRS 13 Fair Value Measurement;
- the requirements of IAS 7 Statement of Cash Flows to present a statement of cash-flows for the period and the disclosure of cash flow information;
- the IAS 1 paragraph 16 requirement to state compliance with all the requirements of IFRSs;
- the IAS 1 paragraphs 134 to 136 requirement to disclose the entity's objectives, policies and processes for managing capital;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting policies, changes in accounting estimates and errors, to disclose when an entity has not applied a new IFRS that has been issued but is not yet effective; and
- the requirements in IAS 24 Related Party Disclosures for related party transactions entered into between two or more members of a group, and the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures (key management compensation).

b. Critical accounting estimates and judgements

The preparation of the financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, and contingent assets and liabilities at the balance sheet date, as well as income and expenses reported during the period.

The Company regularly revises its estimates in light of currently available information because of uncertainties inherent in the estimation process. Final outcomes could differ from those estimates. The key estimates used in preparing the Company's financial statements predominately relate to the measurement of:

- the valuation of investments, which the Directors review for impairment on an annual basis to ensure that the carrying values are appropriate. The impairment review values the investment in First Hydro Company to ensure the carrying values is appropriate.

c. Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

d. Dividend income

Dividend income is recognised in the income statement when the Company's right to receive payment is established.

e. Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or as asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associate and interest in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probably that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

f. Fixed asset investments

Fixed asset investments are stated at cost less provision for any impairment. At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the asset's recoverable amount (greater of fair value less costs to sell and value in use). Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment provision is reversed to the extent that the asset's recoverable amount is greater than the carrying value of the fixed asset investment.

g. Financial instruments

Initial recognition and measurement
All financial assets are recognised initially at cost plus directly attributable transaction costs. The measurement basis is determined by reference to the contractual cash flow characteristics of the financial asset.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. The losses arising from impairment are recognised in the profit and loss in other operating expenses. For receivables from fellow group and subsidiary companies, a 12-month expected credit loss (ECL) allowance is recorded on initial recognition. If there is subsequent evidence of a significant increase in the credit risk of an asset, the allowance is increased to reflect the full lifetime ECL. If there is no realistic prospect of recovery, the asset is written off.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument , or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

De-recognition of financial assets
The financial assets (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when (i) the rights to receive cash flows from the asset have expired,or (ii) the company has transferred its rights to received cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets
IFRS 9 requires an expected credit loss (ECL) model to be applied to the financial assets rather that the incurred credit loss model required under IAS39. The expected credit loss model requires the company to account for expected losses as a result of credit risk on initial recognition of financial assets and to recognise changes in those expected credit losses at each reporting date.

2. Directors' and employees' remuneration

The Directors did not receive any fees or emoluments from the Company during the year (2017: £nil) directly attributable to their position within the Company. All Directors' fees or emoluments were paid, but not recharged, by International Power Ltd. and the amount attributable to the qualifying services provided by the Directors to the Company cannot be reliably estimated.

The Company had no employees during the financial year (2017: none).

3. Auditor's remuneration

The auditor's remuneration in respect of the statutory audit for the years ended 31 December 2018 and 31 December 2017 was as follows:

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Auditor's remuneration for the financial year	5	5

The auditor's remuneration in respect of the statutory audit for the years ended 31 December 2018 and 31 December 2017 was borne by First Hydro Company.

4. Income from shares in group undertakings

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Dividend income from shares in group undertakings	16,200	110,574

5. Tax charge on profit on ordinary activities

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Analysis of taxation in the year:		
Current tax charge		
UK corporation tax	-	-
Total current tax	-	-
Deferred tax charge		
Origination and reversal of timing differences	-	-
Total deferred tax (charge)	-	-
Tax on profit	-	-

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Reconciliation of the total tax charge		
Profit on ordinary activities before taxation	16,200	110,574
Current tax at 19% (2017: 19.25%)	(3,078)	(21,285)
Items non-taxable – dividends received from group undertakings	3,078	21,285
Tax on profit on ordinary activities	-	-

The applicable statutory tax rate for the period was 19%. The prior year applicable statutory tax rate was 19.25% and represents a weighted average rate based on 20% applicable for the three months to 31 March 2017, and 19% applicable from 1 April 2017.

6. Investments

At 31 December 2018 and 31 December 2017, the Company had the following directly and indirectly held investments:

	Country of incorporation	Class of shares held	Proportion held
First Hydro Holdings Company	England and Wales	Ordinary shares	100%
First Hydro Finance plc	England and Wales	Ordinary shares	100% (indirect)
First Hydro Company	England and Wales	Ordinary shares	100% (indirect)

	Group undertakings £	Total £
Cost		
At 1 January 2018	254,786,945	254,786,945
At 31 December 2018	**254,786,945**	**254,786,945**
Impairment		
At 1 January 2018	(31,924,668)	(31,924,668)
At 31 December 2018	**(31,924,668)**	**(31,924,668)**
Net book value		
At 31 December 2018	**222,862,277**	**222,862,277**
At 31 December 2017	222,862,277	222,862,277

The Directors have concluded they are satisfied with the above carrying value of the investments.

7. Debtors

	31 December 2018 £'000	31 December 2017 £'000
Loan to First Hydro Holdings Company	**1,339**	1,339
	1,339	1,339

The loan to First Hydro Holdings Company is repayable on demand and is non-interest bearing.

IFRS 9 requires an expected credit loss (ECL) model to be applied to financial assets rather than the incurred credit losses model required under IAS39. The expected credit loss model requires the company to account for expected losses as a result of credit risk on initial recognition of financial assets and to recognise changes in those expected credit losses at each reporting date.

Management have completed an exercise for the ENGIE Group, which has not identified any significant differences. A separate exercise has been performed from a statutory perspective in order to assess any expected credit losses in respect of the intercompany receivables, and this has concluded that any expected credit loss would be immaterial for both the current year and prior year; and therefore no adjustments have been made in relation to this new accounting standard.

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Notes to the financial statements (continued)
for the year ended 31 December 2018

8. Called up share capital

	31 December 2018 £'000	31 December 2017 £'000
Authorised, issued and called up share capital		
6,000 (2017 – 6000) ordinary shares of £1.00 each	6	6

Ordinary shares rank equally between each other with regard to voting rights, the right to receive dividends and also in a distribution of assets or the winding up of a Company.

9. Capital and reserves

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
Balance as at 1 January 2018	6	220,546	3,649	224,201
Profit for the financial year	-	-	16,200	16,200
Dividends paid	-	-	(16,200)	(16,200)
Balance as at 31 December 2018	**6**	**220,546**	**3,649**	**224,201**

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
Balance as at 1 January 2017	4	145,261	-	145,265
Shares issued	2	75,285	-	75,287
Profit for the financial year	-	-	78,649	78,649
Dividends paid	-	-	(75,000)	(75,000)
Balance as at 31 December 2017	6	220,546	3,649	224,201

The share premium account is not distributable.

Notes to the financial statements (continued)
for the year ended 31 December 2018

10. Dividends

Interim dividends were paid in relation to the year and the prior year as follows:

Date paid	Dividend per share (£)	Total dividend (£)	Year
30 March 2018	£833.33	5,000,000	2018
21 December 2018	£1,866.667	11,200,000	2018
		16,200,000	

Date paid	Dividend per share (£)	Total dividend (£)	Year
30 September 2017	£10,833.333	65,000,000	2017
20 December 2017	£1,666.667	10,000,000	2017
		75,000,000	

11. Related party disclosures

As at 31 December 2018 and 31 December 2017, the Company was a wholly owned subsidiary of FHH (Guernsey) Limited, that is a 75% owned subsidiary of IP Karugamo Holdings (UK) Limited, which is wholly owned by ENGIE S.A., and a 25% owned subsidiary of Brookfield Renewables UK Hydro Limited.

The Company undertakes various transactions with other companies within the IP Karugamo Holdings (UK) Limited group of companies. All of the companies are registered in England and Wales and are subsidiary of the ENGIE group and its ultimate parent undertaking, ENGIE SA.

2018	Sales	Purchases	Amount owed from	Amount owed to
	£'000	£'000	£'000	£'000
First Hydro Holdings Company	-	-	1,339	-

2017	Sales	Purchases	Amount owed from	Amount owed to
	£'000	£'000	£'000	£'000
First Hydro Holdings Company	-	-	1,339	-

12. Controlling party and ultimate parent undertaking

The Company's immediate parent undertaking is FHH Guernsey Limited, the registered address of which is Glategny Court, Glategny Esplanade, St Peter Port, GY1 1WR, Guernsey.

The Directors consider the Company's ultimate parent undertaking and controlling party to be ENGIE S.A. which was incorporated in France and is headquartered in Paris, France and which is the parent undertaking of the largest and smallest group in which the results of the Company are consolidated for the year ended 31 December 2018 and the year ended 31 December 2017. The consolidated financial statements of ENGIE S.A. may be obtained from its registered office at 1 Place Samuel de Champlain, 92400 Courbevoie, Paris, France.

13. Subsequent events

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements. The Company has no significant future developments to report.