ENGIE Gas Shipper Limited

(Formerly GDF SUEZ Solutions Limited)

Registered Number: 03814488

Report and Financial Statements

31 December 2015

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COMPANIES HOUSE

Directors

S D Pinnell
P E Rawson

Secretary

S J Gregory

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London
EC4A 3BZ

Bankers

Barclays Bank PLC
50 Pall Mall
London
SW1A 1QF

Registered Office

No 1 Leeds
26 Whitehall Road
Leeds
LS12 1BE

Directors' Report

The directors present their report and the company financial statements for the year ended 31 December 2015.

Principal Activities

The principal activities of the company are the purchase, supply and management of natural gas to industrial and commercial customers.

On 27 January 2016 the company changed its name from GDF SUEZ Solutions Limited to ENGIE Gas Shipper Limited as part of a global rebranding exercise to unite all the former GDF SUEZ companies under a single banner..

Results and dividends

The results for the year after taxation amounted to a profit of £417,000 (2014: £375,000 loss). Of this, all is attributable to the members of the company.

The directors do not recommend a final ordinary dividend for the year (2014: £nil), no interim dividends were paid in the year. Dividends are recognised in the accounts in the year in which they are paid, or in the case of a final dividend when approved by the shareholders.

Post Balance Sheet Events

There are no post balance sheet events to report.

Going concern

The directors have considered the going concern basis and concluded that it is appropriate. In performing this assessment the directors have considered the forecasts for the company and the uncertain current economic conditions. With reference to the financial position of ENGIE Gas Shipper Limited, it is ENGIE Supply Holding UK Limited's current intention to provide financial and other support for at least twelve months from the date of signing the financial statements to enable the Company to continue to trade. Further detail is provided in note 1 to the financial statements.

Directors

The directors who served during the year ended 31 December 2015 and subsequently were:

S Riley	(Resigned 31 December 2015)
S D Pinnell	
H S Berger	(Resigned 1 January 2016)
A J Weiss	(Resigned 1 January 2016)
P E Rawson	(Appointed 1 January 2016)

Directors' and officers' liability insurance

The Company has made qualifying third party indemnity provisions for the benefit of its directors, which were made during the year and remain in force at the date of this report, to indemnify them against certain liabilities which they may incur in their capacity as directors or officers of the Company, including liabilities in respect of which the Company is itself unable to provide an indemnity by virtue of Section 232 of the Companies Act 2006.

Directors' Report (continued)

Employees

The company has no employees. Activities of the company are performed by employees of its sister company ENGIE Power Limited and the costs of such activities are recharged to ENGIE Gas Shipper Limited.

Environmental policy

The company is committed to reducing its impact on the environment. As part of this commitment the company actively promotes and encourages energy efficiency and recycling wherever possible.

Auditor

The auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Directors' statement as to disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 2.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 s418 of the Companies Act 2006.

By order of the Board,

S J Gregory,

Secretary

15 September 2016

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual 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 Financial Reporting Standard 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 accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Strategic Report

The directors present their strategic report for the year ended 31 December 2015.

Business Review

ENGIE Gas Shipper Ltd is a supplier of natural gas to industrial and commercial end-users, however all customer contracts are now operated by its sister company ENGIE Gas Ltd. ENGIE Gas Shipper continues to manage some legacy purchase contracts and industry registrations on behalf of ENGIE Gas Ltd.

The reduction in operating costs is due to a change in the methodology that determines the recharge from ENGIE Power Ltd.

The net liabilities of the company at the end of 2015 were £21,330,000 (2014: £11,253,000). The year on year movement on net liabilities was driven by an unfavourable movement in the Hedging Reserve.

Future Developments

There are no future developments to be noted.

Principal Risks and Uncertainties

The key risks are energy price volatility, non-performance of information systems, political or regulatory change, reputation risk, business disruption, project risk and non-compliance.

Exposure to energy price risk is minimised by restricting quotation validity to limited underlying market price movements and by hedging sales with purchases at the point of contract acceptance. Electricity forward contracts are used to fix the price of future physical flows and thus provide greater certainty on future revenues and costs.

The impact of systems failure is mitigated by ensuring system and application requirements are approved and managed in an appropriate manner and maintaining a disaster recovery solution The group's Regulatory Affairs team monitor and provide active participation in consultation on legislative changes within the industry and the company ensures compliance with all relevant legislation.

The company has a business continuity plan ready to be implemented in response to a critical business event.

An Internal Control Review Project combined with a Continuous Improvement Programme was in place throughout the year. The combination of these two initiatives is the documentation of policies, procedures and key processes throughout the business with the objective of achieving a greater level of control, process consistency, efficiency and improvement.

The company's treasury policies seek to reduce and minimise financial risk and ensure sufficient liquidity for foreseeable needs. The majority of transactions are in £ sterling, however where appropriate the group hedges foreign exchange transactions to minimise exposure to foreign exchange movements.

Principal Risks and Uncertainties (continued)

There is a comprehensive budgeting system in place with an annual budget approved locally by the leadership team and also centrally by ENGIE SA (formerly GDF SUEZ SA). Management information systems provide the leadership team and directors with relevant and timely reports that identify significant deviations from approved plans and include regular re-forecasts for the year, in order to facilitate timely analysis and appropriate decisions and actions.

ENGIE SA group instruction manuals set out the policies and procedures with which the UK subsidiaries are required to comply. The leadership team are responsible for ensuring that the UK companies observe and implement the policies and procedures set out in the manual which is regularly reviewed and updated.

By order of the Board,

S D Pinnell

Director

15 September 2016

Independent Auditor's Report

to the members of ENGIE Gas Shipper Limited

We have audited the financial statements of ENGIE Gas Shipper Limited for the year ended 31 December 2015 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 17. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditor's Report (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Makhan Chahal

Makhan Chahal ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP,
Chartered Accountant and Statutory Auditor
London, UK
19th September 2016.

Profit and Loss Account
for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Turnover	3	138	355
Cost of sales		-	-
Gross profit		138	355
Administrative expenses		2	(686)
Operating profit /(loss)	4	140	(331)
Interest receivable and similar income	7	67	40
Interest payable and other charges	8	(23)	-
Fair value gain on commodity contracts	14	275	(187)
Profit /(loss) before taxation		459	(478)
Tax credit/(charge)	9	(42)	103
Profit /(loss) for the financial year		417	(375)

All amounts relate to continuing activities.

Statement of Comprehensive Income

at 31 December 2015

	Note	2015 £'000	2014 £'000
Profit /(loss) for the year		417	(375)
Other comprehensive income that may be reclassified subsequently to the profit and loss			
Valuation loss on cash flow hedge		(12,465)	(13,594)
Tax on amounts in comprehensive income	9	1,971	2,719
Other comprehensive income, net of tax		(10,494)	(10,875)
Total comprehensive income for the year, net of tax		(10,077)	(11,250)

All of the above income is attributable to the shareholders' of the company.

Balance Sheet

at 31 December 2015

	Note	2015 £'000	2014 £'000
Non-current assets			
Derivative financial assets	13	8,668	4,244
		8,668	4,244
Current assets			
Debtors due within one year	10	29,822	39,611
Deferred tax asset	12	4,749	2,827
Derivative financial assets	13	26,699	20,212
Cash at bank and in hand		14,554	10,409
		75,824	73,059
Total assets		84,492	77,303
Current liabilities			
Creditors due within one year	11	44,133	49,956
Derivative financial liabilities	13	41,180	29,637
		85,313	79,593
NET CURRENT LIABILITIES		**(9,489)**	**(6,534)**
Total assets less current liabilities		**(821)**	**(2,290)**
Non-current liabilities			
Derivative financial liabilities	13	20,509	8,963
Total liabilities		105,822	88,556
NET ASSETS		**(21,330)**	**(11,253)**
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account		332	(85)
Hedging reserve		(21,662)	(11,168)
TOTAL SHAREHOLDERS' DEFICIT		**(21,330)**	**(11,253)**

The financial statements with registration number 03814488 were approved by the board of directors and authorised for issue on 15 September 2016. They were signed on its behalf by:

S D Pinnell

Director

15 September 2016

Statement of Changes in Equity

for the year ended 31 December 2015 and 31 December 2014

	Share capital £'000	Profit and loss account £'000	Hedging reserve £'000	Total £'000
At 1 January 2014	-	290	(293)	(3)
Loss for the year	-	(478)	-	(478)
Valuation loss on cash flow hedge	-	-	(10,875)	(10,875)
Tax on amounts in other comprehensive income	-	103	-	103
At 31 December 2014	-	(85)	(11,168)	(11,253)
At 1 January 2015	-	(85)	(11,168)	(11,253)
Profit for the year	-	417	-	417
Valuation loss on cash flow hedge	-	-	(10,494)	(10,494)
At 31 December 2015	-	332	(21,662)	(21,330)

Notes to the Financial Statements

at 31 December 2015

1. Authorisation of financial statements and statement of compliance with IFRSs

The financial statements of ENGIE Gas Shipper Limited (the 'company') for the year ended 31 December 2015 were authorised for issue by the board of the directors on 15 September 2015 and the balance sheet was signed on the board's behalf. ENGIE Gas Shipper Limited is a private limited company incorporated and domiciled in England & Wales.

Basis of Preparation

No new and revised Standards and Interpretations have had a significant impact on the accounts during the current year.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2012 the company underwent transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. This transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to cashflow statements, share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, related party transactions and compensation of key management personnel.

Where required, equivalent disclosures are given in the group accounts of ENGIE SA (formerly GDF SUEZ SA). The group accounts of ENGIE SA are available to the public and can be obtained as set out in note 18.

The principal accounting policies adopted by the company are set out in note 2. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The company financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the company operates and all values are rounded to the nearest thousand Pounds Sterling (£'000) except when otherwise indicated.

Going concern

The directors have considered the going concern basis and concluded that it is appropriate. In performing this assessment the directors have considered the forecasts for the company and the uncertain current economic conditions. The company is dependent on financial support being made available by its immediate parent company, ENGIE Supply Holding UK Limited, to enable it to continue in operational existence and to meet its debts as they fall due. The directors confirm this support is in place and have assessed the ability of the parent company to provide this support and therefore believe that it is appropriate to prepare financial statements on a going concern basis.

2. Accounting policies

Critical Accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

2. Accounting Policies (continued)

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following are critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amount recognised in the financial statements.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Taxation

The company is subject to routine tax audits and also a process whereby tax computations are discussed and agreed with the appropriate authorities. Whilst the ultimate outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of provisions required for both current and deferred tax on the basis of professional advice and the nature of current discussions with the tax authority concerned.

Significant accounting policies

Financial Assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the trade i.e., the date that the company commits to purchase or sell the asset. The subsequent measurement of financial assets depends on their classification.

2. Accounting Policies (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised or finance expense in the income statement.

The company evaluates its financial assets at fair value through profit and loss (held for trading) and whether the intent in the near term is still appropriate. When the company is unable to trade these financial assets due to inactive markets and management's intent significantly changes to do so in the foreseeable future, the company may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available for sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation. The company did not reclassify any financial assets in the current period.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through the profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the profit and loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

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.

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 other than those financial assets classified as at FVTPL.

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 receive 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 risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

2. **Accounting Policies** (continued)

Assets carried at amortised cost

For financial assets carried at amortised cost the company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit and loss.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the company. If, in subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other operating expense in the profit and loss.

Financial Liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Purchases or sales of financial liabilities that require delivery of liabilities within a time frame established by regulation or convention in the marketplace are recognised on the trade i.e., the date that the company commits to purchase or sell the liabilities.

The subsequent measurement of financial assets depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in the profit and loss.

2. **Accounting Policies** (continued)

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

De-recognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length transactions: reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis in other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 14.

Derivative financial instruments

The company enters into wholesale purchase commitments to satisfy demand forecasts associated with its supply contracts. The movements in fair value of some of these commitments qualify as derivative financial instruments due to the terms and conditions attached to the related supply contracts. Such derivative financial instruments are initially recognised at fair value on the date on which such a wholesale purchase commitment is entered into and are subsequently re-measured at fair value at each reporting date. For each such event, the related supply contract acts as a natural hedge to the wholesale purchase commitment.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. A derivative is presented as a current asset due within one year or a current liability due within one year.

Any gains or losses from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the profit and loss. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

2. Accounting policies (continued)

Hedge Accounting

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to the highly effective in offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

For the purpose of hedge accounting, hedges are classified as;

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Fair value hedges

For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged; the derivative is re-measured at fair value and gains and losses from both are taken to profit or loss. For hedged items carried at amortised cost, the adjustment is amortised through profit and loss such that it is fully amortised by maturity. When an unrecognised firm commitment is designated as a hedged item, this gives rise to an asset or liability in the balance sheet, representing the cumulative change in the fair value of the firm commitment attributable to the hedged risk.

The company discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the company revokes the designation.

Cash flow hedges

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income, while the ineffective portion is recognised in profit or loss. Amounts taken to other comprehensive income are transferred to the profit and loss when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If a forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs and are transferred to the profit and loss or to the initial carrying amount of a non-financial asset or liability as above. If the related transaction is not expected to occur, the amount is taken to profit and loss.

Debtors due within one year

Trade debtors, which generally have 14-30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, debtors are carried at amortised cost. Provision is made when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash at bank and in hand

Cash at bank and in hand in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

2. Accounting policies (continued)

Income Taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; and
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the profit and loss.

Sales tax

Turnover, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Debtors and creditors that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of Debtors or creditors in the balance sheet.

Revenue recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and turnover can be reliably measured. Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover represents amounts receivable for goods provided in the normal course of business excluding discounts, VAT and other sales related taxes. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on supply of energy to the customer.

Interest income

Interest income is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Operating Profit

Operating profit is stated before interest income and interest payable.

3. Turnover

All turnover was generated in the UK from the supply and management of natural gas to industrial and commercial customers.

An analysis of the company's turnover is as follows:

	2015 £'000	2014 £'000
Sale of goods	138	355
Interest income	67	40
	205	395

4. Operating profit / (loss)

This is stated after charging / (crediting):

	2015 £'000	2014 £'000
Admin Cost recharge from ENGIE Power Limited	-	527
Impairment loss recognised on debtors	(1)	(70)

5. Auditor's Remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £1,000 (2014: £1,000).

There were no fees payable by ENGIE Gas Shipper Limited to Deloitte LLP for non-audit services (2014: £nil).

6. Staff costs

Staff who perform services for the company are employed by ENGIE Power Limited and their costs are not recharged to ENGIE Gas Shipper Limited.

7. Interest receivable and similar income

	2015 £'000	2014 £'000
Interest receivable from customers for late payment	-	14
Inter-company interest	67	26
	67	40

8. Interest payable and similar charges

	2015	2014
	£'000	£'000
Inter-company interest	-	-
Other interest paid	23	-
	23	-

9. Taxation

	2015	2014
	£'000	£'000
Tax charge		
Current income tax:		
UK corporation tax on profits of the year	-	-
Group relief payable / (receivable)	34	(111)
Adjustments in respect of previous periods	(31)	-
Total current income tax charge / (credit)	3	(111)
Deferred tax:		
Deferred income tax relating to the origination and reversal of temporary differences (note 13)	21	8
Adjustments in respect of previous periods	18	-
Tax charge / (credit) in the profit and loss	42	(103)

The company earns its profits primarily in the UK. Therefore the tax rate used for tax on profit on ordinary activities is the average standard rate for UK corporation tax, currently 20.25% (2014: 21.5%.)

The standard rate of UK corporation tax reduced from 24% to 23% from 1 April 2013 in accordance with the Finance Act 2012. The Finance Act 2013 was substantively enacted on 2 July 2013 to reduce the main rate of UK corporation tax from 23% to 21% with effect from 1 April 2014 and then to further reduce it to 20% from 1 April 2015.

	2015	2014
	£'000	£'000
Tax relating to item charged to equity		
Deferred income tax related to items charged directly to equity during the year:		
Valuation loss on cash flow hedge	1,971	2,719

9. Taxation (continued)

The charge for the year can be reconciled to the profit in the profit and loss account as follows.

	2015 £'000	2014 £'000
Reconciliation of tax charge		
(Loss) / profit before tax	459	(478)
(Loss) / Profit multiplied by standard rate of corporation tax of 20.25% (2014: 21.5%)	93	(103)
Adjustments in respect of prior periods – current tax	(31)	-
Adjustments in respect of prior periods – deferred tax	(18)	-
Tax effect of non-deductible or non-taxable items	(1)	-
Change in deferred tax rate	(1)	-
Tax (credit) / charge in the profit and loss	42	(103)

10. Debtors due within one year

	2015 £'000	2014 £'000
Trade debtors	462	1,856
Other debtors	2,730	2,952
Amounts owed by fellow subsidiary undertakings	26,630	34,706
Current tax assets	-	97
	29,822	39,611

11. Creditors due within one year

	2015 £'000	2014 £'000
Trade creditors	290	1,567
Other creditors	18,794	17,322
Amounts owed by group undertakings	-	19
Amounts owed to fellow subsidiary undertakings	24,621	30,883
Accruals	407	165
Current tax liability	21	-
	44,133	49,956

12. Deferred tax

An analysis of the movements in deferred tax is as follows:

	2015 £'000	2014 £'000
Deferred tax (asset) at 1 January	(2,827)	(116)
Deferred tax charge in profit and loss account for the year (note 9)	39	8
Deferred tax (credit) / charge to equity	(1,971)	(2,719)
Deferred tax prior period correction	10	-
Deferred tax (asset) at 31 December	(4,749)	(2,827)

Analysed as:	2015 £'000	2014 £'000
Decelerated capital allowances	(13)	(17)
Timing difference on Cash flow hedge movements	(4,761)	(2,799)
Other short-term temporary differences	25	(11)
	(4,749)	(2,827)

13. Financial instruments

Fair values

Set out below is an analysis by category of the company's financial instruments that are carried at fair value in the financial statements. Note that in all cases the fair value is equal to the carrying value of those assets and liabilities.

	2015 £'000	2014 £'000
Financial assets at fair value		
Fair value through profit and loss (FVTPL) *	35,031	24,417
Derivative instruments designated as cash flow hedges	336	39
Financial liabilities at fair value		
Fair value through profit and loss (FVTPL) *	34,905	24,565
Derivative instruments designated as cash flow hedges	26,784	14,035

*see note on economic hedges below

Changes in value of financial instruments at fair value

Profit for the year has been arrived at after charging/(crediting):

	Year ended 2015 £'000	Year ended 2014 £'000
Financial assets at fair value		
Fair value through profit and loss (FVTPL)	(10,615)	(24,417)

Financial liabilities at fair value		
Fair value through profit and loss (FVTPL)	10,340	24,565

13. Financial instruments (continued)

Changes in value of cash flow hedge financial instruments

The Hedging Reserves for the year has been arrived at after charging/(crediting):

	Year ended 2015 £'000	Year ended 2014 £'000
Cash Flow Hedge Financial assets		
Cash Flow Hedge (CFH)	(297)	3,841
Cash Flow Hedge Financial liabilities		
Cash Flow Hedge (CFH)	12,749	9,791

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of derivative instruments are calculated using prices derived from observable macroeconomic data and are provided by the ENGIE group.

Hedging activities

Economic hedges

The company enters into wholesale purchase commitments to cover future contracted supplies, subject to market liquidity, availability of products and compliance with risk policies and limits set down by management.

The company had entered into wholesale purchase commitments for future delivery under certain supply contracts where the contract permits the customer to sell back the purchases made prior to delivery. The purchase commitments related to such supply contracts have been fair valued through the profit and loss. The supply contracts with such customers are designated as derivatives and these supply contracts are also fair valued through the profit and loss (see note 2).

Purchase commitments under all other supply contracts not containing a sell back facility are not fair valued but are measured using regular trade date accounting as these are classified as held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

Cash flow hedges

The contracts to purchase index-priced gas are designated as hedged items and are designated as a hedging instrument where the supply contracts do not permit the customer to sell back the purchases prior to delivery. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity, net of tax, while the ineffective portion is recognised in income.

The gains or losses accumulated in equity are reclassified to the profit and loss, under the same caption as the loss or gain on the hedged item – i.e. current operating income for operating cash flows and financial income or expenses for other cash flows – in the same periods in which the hedged cash flows affect income.

If the hedging relationship is discontinued, in particular because the hedge is no longer considered effective or the forecast transaction is no longer probable, the cumulative gain or loss on the hedging instrument is recognised in income.

Purchase commitments under all other supply contracts not containing a sell back facility are not fair valued but are measured using regular trade date accounting as these are classified as held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

14. Share capital

	2015 £	2014 £
Authorised		
100 ordinary shares of £1 each	100	100
Called up, allotted and fully paid		
1 ordinary share of £1 each	1	1

15. Other financial commitments

Gas purchase commitments

At 31 December 2015 the company was committed to certain future gas purchase contracts. These contracts are due to be settled as follows:

	2015 £'000	2014 £'000
Not later than one year	137,610	144,311
After one year but not more than five	75,843	59,004
	213,453	203,315

16. Related party transactions

Trading transactions

During the year, the company entering into the following trading transactions with related parties:

	2015 Purchases £'000	2015 Amount owed to £'000	2014 Purchases £'000	2014 Amount owed to £'000
IPM Energy Trading Limited	25,640	-	19,577	-

Terms and conditions of transactions

The purchases from IPM Energy Trading Limited represent the purchase of natural gas and are made at prices and with terms and conditions in line with external third party customers. The Cost of Sales of these purchases is transferred to ENGIE Gas Limited as that entity does not have a Gas shipper license therefore ENGIE Gas Shipper Limited purchases gas on its behalf.

Director's Remuneration

No remuneration was paid by ENGIE Gas Shipper Limited to directors during the years ended 31 December 2015 and 31 December 2014 in respect of services to the company. Directors who perform services for the company are employed by other group companies and it is not practical to allocate their remuneration to this company.

17. Controlling party

The company's immediate parent undertaking is ENGIE Supply Holding UK Limited, a company registered in England and Wales.

The company's ultimate parent company and ultimate controlling party is ENGIE SA (formerly GDF SUEZ SA) a company incorporated and registered in France. This is the smallest and largest group which consolidates this company's financial statements. Copies of ENGIE SA's group financial statements can be obtained from ENGIE SA, Tour T1, 1 place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris La Défense, France.