Registered number: 04382404

SALE PFI LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

SALE PFI LIMITED

COMPANY INFORMATION

DIRECTORS	D Sheridan S Hockman B Lala
COMPANY SECRETARY	S Gregory
REGISTERED NUMBER	04382404
REGISTERED OFFICE	ENGIE Q3 Office Quorum Business Park Benton Lane Newcastle-upon-Tyne Tyne and Wear NE12 8EX
INDEPENDENT AUDITORS	Ernst & Young LLP Citygate St James' Boulevard Newcastle-upon-Tyne NE1 4JD

SALE PFI LIMITED

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of Sale PFI Limited ("the company") is the provision of full civic centre facilities to Trafford Metropolitan Borough Council under the Government's Private Finance Initiative ("PFI").

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were:

M Gallacher (resigned 1 January 2018)
N Lovett (resigned 10 January 2018)
D Sheridan (appointed 1 January 2018)
S Hockman (appointed 1 January 2018)
B Lala (appointed 1 January 2018)

FUTURE DEVELOPMENTS

The company continues to successfully manage its long-term PFI contract, which is performing in line with management's expectations. The directors expect there to be no changes in the future activities or prospects of the company.

FINANCIAL INSTRUMENTS

The company monitors its exposure to risk on an on-going basis. The company's activities do not expose it to any material price risk or foreign exchange risk. Owing to the nature of the company's business and the assets and liabilities contained within the balance sheet, the financial risks the directors consider relevant to the company are credit risk, liquidity risk and interest rate cash flow risk. The company uses derivative financial instruments to reduce its exposure to interest rate movements.

Credit risk

Credit risk arises on the company's principal financial assets, which are cash at bank, trade and other debtors and amounts owed by group undertakings. The credit risk associated with cash is limited, as the company uses financial institutions with a high credit rating for banking requirements. All customers are credit checked prior to any sales and only customers with an appropriate credit rating are offered credit terms. The credit risk on amounts owed by group undertakings is not considered to be significant, given the group's strong credit rating.

Liquidity risk

The company is exposed to liquidity risk on its financial liabilities, including derivative financial instruments, bank loans, trade creditors and amounts owed to group undertakings. In order to maintain liquidity to ensure sufficient funds are available for on-going operations and future developments, the company has access to banking facilities and loans from group companies.

Interest rate cash flow risk

Interest rate cash flow risk arises on the company's interest bearing bank loan. The company utilises an interest rate swap to fix the interest rate on the bank loan, in order to ensure certainty of future cash flows.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

Company officers and duly appointed delegates thereof, are indemnified by the ENGIE global directors and officers' policy ("the policy") in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. This qualifying third party indemnity provision was in force throughout the year and remains in force as at the date of approval of these financial statements.

GOING CONCERN

The directors have considered the company's current and future prospects and its availability of financing from within the ENGIE group and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the directors continue to adopt the going concern basis of preparation for these financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Board on 8 June 2018 and signed on its behalf.

S Hockman
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALE PFI LIMITED

Opinion

We have audited the financial statements of Sale PFI Limited for the year ended 31 December 2017 which comprise the Income Statement, Statement of Financial Position and Statement of Changes in Equity and the related notes 1 to 19, 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 2017 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 (ISA's (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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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; or
- the directors were not entitled to prepare the financial statements take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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

Caroline Mulley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
15 June 2018

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	*2016 £000*
Turnover	4	793	*912*
Cost of sales		(455)	*(576)*
Gross profit		338	*336*
Administrative (expenses)/income		(265)	*105*
Operating profit	5	73	*441*
Interest receivable and similar income	7	854	*459*
Interest payable and similar expenses	8	(349)	*(716)*
Profit before tax		578	*184*
Tax on profit	9	(137)	*(192)*
Profit/(loss) for the financial year		441	*(8)*

There were no recognised gains and losses for 2017 or 2016 other than those included in the income statement and therefore no statement of comprehensive income has been presented.

The notes on pages 10 to 22 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £000	*2016 £000*
Current assets			
Debtors: amounts falling due after more than one year	10	**6,805**	*7,094*
Debtors: amounts falling due within one year	10	**2,097**	*1,376*
Cash at bank and in hand	11	**3,240**	*3,164*
		12,142	*11,634*
Creditors: amounts falling due within one year	12	**(3,835)**	*(8,249)*
Net current assets		**8,307**	*3,385*
Total assets less current liabilities		**8,307**	*3,385*
Creditors: amounts falling due after more than one year	13	**(6,493)**	*(2,012)*
Net assets		**1,814**	*1,373*
Capital and reserves			
Called up share capital	17	**99**	*99*
Profit and loss account	18	**1,715**	*1,274*
Total equity		**1,814**	*1,373*

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 8 June 2018.

S Hockman
Director

The notes on pages 10 to 22 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2016	**99**	**1,282**	**1,381**
Comprehensive loss for the year			
Loss for the financial year	**-**	**(8)**	**(8)**
Total comprehensive loss for the year	**-**	**(8)**	**(8)**
At 1 January 2017	**99**	**1,274**	**1,373**
Comprehensive income for the year			
Profit for the financial year	**-**	**441**	**441**
Total comprehensive income for the year	**-**	**441**	**441**
At 31 December 2017	**99**	**1,715**	**1,814**

The notes on pages 10 to 22 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

The financial statements of Sale PFI Limited for the year ended 31 December 2017 were authorised for issue by the Board of directors on 8 June 2018 and the statement of financial position was signed on the Board's behalf by S Hockman.

The company is a private limited liability company, incorporated and domiciled in the United Kingdom. The address of its registered office is ENGIE Q3 Office, Quorum Business Park, Benton Lane, Newcastle-upon-Tyne, Tyne and Wear, NE12 8EX.

The results of the company are included in the consolidated financial statements of ENGIE S.A., which are available from ENGIE, Tour T1, 1 place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris La Défense Cedex, France.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The functional and presentation currency of the company is Pounds Sterling ("£") and all values in these financial statements are rounded to the nearest thousand pounds ("£'000") except when otherwise indicated.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Going concern

The directors have considered the company's current and future prospects and its availability of financing from within the ENGIE group and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the directors continue to adopt the going concern basis of preparation for these financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as 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 revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

In respect of the company's PFI contract, costs related to the PFI contract are recognised within cost of sales in the period in which they are incurred. Revenue is recognised in line with costs incurred by applying the expected margin to be recovered over the life of the contract.

Where the company has contracts which require the performance of a service which extends beyond the company's year end, revenue is recognised and a debtor created to reflect the proportion of the service completed at the year end.

The contract debtor is recorded as the excess of revenue earned, less payments received from the customer. An element of receipts from the customer is deemed to represent an imputed interest payment on the outstanding contract debtor. This is shown within interest receivable. The contract debtor is reduced as payments are received from the customer..

Receipts from the customer are allocated between revenue, contract debtor repayments and interest on the outstanding contract debtor. The repayments and interest elements are excluded in estimating the expected margin over the life of the contract.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, plus transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets
The company classifies all of its financial assets as loans and receivables.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Financial instruments (continued)

Financial liabilities
The company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

Fair value through profit or loss
The company's financial instruments at fair value through profit or loss comprise only out-of-the-money derivatives. They are carried in the statement of financial position at fair value recognised in the income statement.

At amortised cost
Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the statement of financial position.

2.8 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 Finance costs

Finance costs are charged to the income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Interest income

Interest income is recognised in the income statement using the effective interest method.

2.11 Borrowing costs

All borrowing costs are recognised in the income statement in the year in which they are incurred.

2. ACCOUNTING POLICIES (CONTINUED)

2.12 Taxation

The tax for the year comprises current and deferred tax. Tax is recognised in the income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for turnover and costs during the year. However, the nature of estimation means the actual outcomes could differ from those estimates.

The following judgements, estimates and assumptions have had the most significant effect on amounts recognised in the financial statements:

Revenue recognition

The company recognises revenue on a contract by contract basis. Where the company is required to supply services in addition to the contractual requirements, this revenue is recognised based on costs incurred, plus the margin agreed with the customer. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Provisions and accruals for liabilities

Management estimation is required to determine the appropriate amounts of provisions for bad and doubtful debts, customer rebates and accruals for certain administrative expenses. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

Derivative financial instruments

The valuation of the derivative financial instrument is provided by a third party financial institution, however this is still determined using valuation models and assumptions, including future cash flows based on applicable interest rate curves and subject to discount rates. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the derivative financial instrument such estimates are subject to significant uncertainty.

4. TURNOVER

All turnover arose within the United Kingdom from the company's principal activity, which is the provision of full civic centre facilities to Trafford Metropolitan Borough Council under the government's Private Finance Initiative ("PFI").

The PFI contract has been classified as a financial asset under IFRIC 12 and has been included within debtors in the statement of financial position.

5. OPERATING PROFIT

The company has no employees other than the directors *(2016: none)*. All directors' remuneration is paid by a fellow group undertaking in respect of their services to group companies. The directors' services to the company do not occupy a significant amount of time and consequently the directors do not feel that they have received any remuneration for their incidental services to this company for the year *(2016: £nil)*.

6. AUDITORS' REMUNERATION

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

	2017 £000	*2016 £000*
Fees for the audit of the company	14	*14*

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £000	*2016 £000*
Net gain on financial liabilities carried at fair value	416	*-*
Interest receivable on service concession arrangements	438	*459*
	854	*459*

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 £000	*2016 £000*
Bank interest payable	349	*373*
Net loss on financial liabilities carried at fair value	-	*343*
	349	*716*

9. TAXATION

	2017 £000	*2016 £000*
CORPORATION TAX		
Current tax on profit for the year	**67**	*122*
Adjustments in respect of previous periods	**3**	*69*
TOTAL CURRENT TAX	**70**	*191*
DEFERRED TAX		
Origination and reversal of timing differences	**82**	*(47)*
Changes to tax rates	**-**	*59*
Adjustments in respect of previous periods	**(15)**	*(11)*
TOTAL DEFERRED TAX	**67**	*1*
TAX ON PROFIT	**137**	*192*

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than *(2016: higher than)* the standard rate of corporation tax in the UK of 19.25% *(2016: 20.00%)*. The differences are explained below:

	2017 £000	*2016 £000*
Profit before tax	**578**	*184*
Profit multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	**111**	*37*
EFFECTS OF:		
Expenses not deductible for tax purposes	**50**	*30*
Capital allowances for year in excess of depreciation	**-**	*(2)*
Adjustments to tax charge in respect of previous periods	**(12)**	*58*
Short term timing difference leading to an increase in taxation	**-**	*10*
Other tax charge	**(12)**	*-*
Change in tax rate	**-**	*59*
TOTAL TAX CHARGE FOR THE YEAR	**137**	*192*

9. TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2017.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and the Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. This will reduce the company's tax charges accordingly.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

10. DEBTORS

	2017 £000	*2016 £000*
DUE AFTER MORE THAN ONE YEAR		
Amounts recoverable on long term contracts	6,805	*7,094*

	2017 £000	*2016 £000*
DUE WITHIN ONE YEAR		
Trade debtors	986	*443*
Amounts owed by group undertakings	19	*9*
Amounts recoverable on long term contracts	289	*266*
Other debtors	3	*-*
Prepayments and accrued income	474	*265*
Deferred taxation	326	*393*
	2,097	*1,376*

11. CASH AND CASH EQUIVALENTS

	2017 £000	*2016 £000*
Cash at bank and in hand	3,240	*3,164*

12. CREDITORS: Amounts falling due within one year

	2017 £000	2016 £000
Bank loans	383	5,614
Loans to group undertakings	692	692
Trade creditors	-	3
Amounts owed to group undertakings	1,734	899
Group relief payable to group undertakings	614	569
Other taxation and social security	97	59
Accruals and deferred income	315	413
	3,835	8,249

Loans owed to group undertakings consist of £1 Subordinated Unsecured Loan Notes carrying a fixed interest rate of 11.85%. The loan note holder ENGIE FM Limited, the parent undertaking, has agreed to waive its right to interest on the loan notes.

All other amounts owed to group undertakings are unsecured and interest free.

Secured loans

The bank loan is repayable by semi-annual instalments and carries interest at variable rate, which has been fixed by a swap for the full term of the loan. The bank loan is secured by a fixed and floating charge over all the assets of the company.

13. CREDITORS: Amounts falling due after more than one year

	2017 £000	2016 £000
Bank loans	4,897	-
Financial instruments (after 1 year)	1,596	2,012
	6,493	2,012

Secured loans

The bank loan is repayable by semi-annual instalments and carries interest at variable rate, which has been fixed by a swap for the full term of the loan. The bank loan is secured by a fixed and floating charge over all the assets of the company.

14. LOANS

Analysis of the maturity of loans is given below:

	2017 £000	*2016 £000*
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	383	*5,614*
Loans to group undertakings	692	*692*
	1,075	*6,306*
AMOUNTS FALLING DUE 1-2 YEARS		
Bank loans	354	*-*
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	831	*-*
AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS		
Bank loans	3,712	*-*
	5,972	*6,306*

15. FINANCIAL INSTRUMENTS

	2017 £000	2016 £000
FINANCIAL ASSETS		
Cash and receivables	**4,368**	*3,731*
FINANCIAL LIABILITIES		
Derivative financial instruments measured at fair value through profit or loss	**(1,596)**	*(2,012)*
Financial liabilities measured at amortised cost	**(8,480)**	*(7,949)*
	(10,076)	*(9,961)*

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, amounts owed by group undertakings, other debtors and accrued income.

Derivative financial liabilities measured at fair value through profit or loss are instruments designated as hedges of variable interest rate risk and comprise an interest rate swap to reduce the exposure to interest rate movements, which expires on 30 September 2028.

Financial liabilities measured at amortised cost comprise bank loans, loans to group undertakings, trade creditors, amounts owed to group undertakings, group relief payable to group undertakings and accruals.

16. DEFERRED TAXATION

	2017 £000	2016 £000
At beginning of year	**393**	*394*
Charged to the income statement	**(67)**	*(1)*
AT END OF YEAR	**326**	*393*

The deferred tax asset is made up as follows:

	2017 £000	2016 £000
Depreciation in advance of capital allowances	**54**	*51*
Short-term timing differences	**272**	*342*
	326	*393*

17. CALLED UP SHARE CAPITAL

	2017 £000	*2016 £000*
Allotted, called up and fully paid		
99,000 Ordinary shares of £1 each	**99**	*99*

18. RESERVES

Profit and loss account

The profit and loss account records the cumulative amount of realised profits and losses less any distributions of dividends.

19. CONTROLLING PARTY

The immediate parent company of Sale PFI Limited is ENGIE FM Limited, a company registered in England and Wales. The directors regard ENGIE S.A. as the ultimate parent company and controlling party of Sale PFI Limited. ENGIE S.A. is registered in France.

The parent undertaking of the largest group which includes the company for which consolidated financial statements are prepared is ENGIE S.A. The parent undertaking of the smallest group to prepare consolidated financial statements, which include the company, is ENGIE FM Limited.

Copies of the group's consolidated financial statements may be obtained from Tour T1, 1 place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris La Défense Cedex, France.