Total Gas & Power Limited

Annual report and financial statements

For the year ended 31 December 2019

Registered No. 02172239

Directors and advisors

Directors
S. Binet
D. Cranfield
A. Larenaudie
J-M. Simandoux
L. Vivier
S. Roberts
J. Hardy
T. Maurisse
M. Doucy

Auditors
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers
HSBC Bank plc
133 Regent Street
London
WC2R 2PS

Registered Office
Bridge Gate 55 - 57 High Street
Redhill
Surrey
RH1 1RX

Strategic report

Registered No. 02172239

Review of the business

The activities of the company are to trade energy commodities (natural gas, electricity, LNG, biomass, sulphur, petcoke and emissions) and to sell gas and electricity supplies to industrial, commercial and public sector customers. Since 1 September 2019, the company extended its activities to the transportation by ship of sulphur, petcoke and LNG; the company arranges the carriage of such products by contracting with ship owners or disponent owners.

On 1 September 2019, the company relocated its trading business to its branch located in Geneva, Switzerland, Total Gas & Power Limited, London, Meyrin-Geneva Branch. Total Gas & Power Chartering Limited, a sister affiliate, transferred the assets and liabilities related to the transportation by ship of sulphur, petcoke and LNG to the branch in Geneva. To support the expansion of the trading activity, the company received a contribution from Global LNG, S.A.S, a sister affiliate.

The selling of gas and electricity supplies remains in the United Kingdom.

Key Performance Indicators

The Companies Act 2006 requires directors to disclose the company's Key Performance Indicators (KPIs). Total manages its KPIs at a segment and geographical level. As a result the directors have taken the decision not to disclose KPIs in individual subsidiary accounts. The Total Group KPIs are included within the accounts of the ultimate parent undertaking Total SA.

Principal risks and uncertainties

Trading and marketing activities
In connection with its trading and marketing activities, the company is exposed to risks including commodity price risk, credit risk and currency risk. The company has implemented strict policies and procedures to manage and monitor these risks.

To mitigate the corresponding exposures, the company uses various instruments on organised or over-the-counter markets. In general, the transactions are settled at maturity date through physical delivery. Limits on trading positions are approved by Total Group's Executive Committee and are monitored daily.

Trading and financial controls are carried out separately and an integrated information system enables real-time monitoring of trading activities. The company uses a "value at risk" method to measure market risks related to the prices of commodities.

To increase flexibility and encourage liquidity, trading operations are performed with numerous independent operators, including other oil and gas companies, major energy producers and marketers and financial institutions. Credit limits are established for each counterpart, and are monitored on a regular basis.

In the uncertain general economic conditions in the UK and globally the company monitors closely its principle risks, particularly credit risk, and continually reviews its policies and procedures to mitigate these risks accordingly.

Transportation activities
The principal risks and uncertainties relate to the quality of the vessels which it contracts to use and the ongoing performance of its counterparties.

The charter agreements entered into by the company subject it to counterparty risks. The ability of our counterparties to perform their obligations under each contract will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions and charter rates.

Strategic report (continued)

Should a counterparty fail to honour its obligations the company could sustain significant losses which could have a material adverse effect on the performance of the business.

The chartering of an ocean-going vessel carries inherent risks. These risks include the possibility of marine accident, piracy, environmental accidents and business interruptions caused by mechanical failure, human error, war, terrorism, political action in various countries, labour strikes, or adverse weather conditions. Any of these circumstances or events could impact the finances of the company. The involvement of a vessel chartered by the company in an incident may result in the company facing claims under applicable international environmental conventions, laws and regulations, notwithstanding that the ship owner and or vessel operator would in principle primarily be liable. The company seeks to conduct its activities in such a manner so that there is little or minimal risks.

Future developments

The directors aim to maintain the management policies which have resulted in the company's substantial growth in recent years and foresee significant further developments in the coming years.

By order of the board,

S. Binet
Director

30 November 2020

Directors' report

Registered No. 02172239

The directors present their annual report on the affairs of the company, together with the financial statements, for the year ended 31 December 2019.

Results and dividends

The profit after taxation amounted to £228,545,000 for the year ended 31 December 2019 (2018 £223,526,000). During the year, no dividend was paid in respect of financial year 2018.

The company's key financial and other indicators during the year were as follows:

	2019 £'000	2018 £'000	Change %
Net trading gain	2,001,406	1,545,141	+30%
Profit on ordinary activities before taxation	283,160	276,466	+2%
Profit for the year	228,545	223,526	+2%
Average number of employees	665	609	+9%

Going Concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors who served during the year and subsequently are listed on page 2:

S. Binet	
P. Chauvain	(resigned 14 February 2020)
D. Cranfield	
M. Doucy	(appointed 14 February 2020)
J. Hardy	(appointed 27 September 2019)
A. Larenaudie	
P. Lautard	(resigned 13 December 2019)
T. Maurisse	(appointed 20 December 2019)
G. Natta	(resigned 1 October 2019)
P. Olivier	(appointed 27 September 2019, resigned 1 January 2020)
J-M. Simandoux	
S. Roberts	(appointed 27 September 2019)
L. Vivier	

Events since the balance sheet date

Transfer of small scale LNG business from Global LNG S.A.S.

On 20 March 2020, Global LNG S.A.S. contributed small scale LNG business in consideration for shares issued by the company.

Directors' report (continued)

Global health crisis

The coronavirus pandemic has developed rapidly since the beginning of the first quarter 2020 and has caused the oil price to fall significantly.

In response to the crisis, the company implemented measures to prevent transmissions of the virus in operating an effective remote working strategy and ensuring safety of physical operations.

The company operates in a complex and volatile environment and is exposed to risks including commodity price risk, credit risk and currency risk. The company trades on liquid exchanges and trades OTC with reputable counterparties and has implemented strict policies and procedures to manage and monitor these risks.

The company has a strong financial position at both 31 December 2019 and at date of issuance of these accounts. There are significant net assets and the company is performing regular monitoring of performance risk provisions. The company has performed additional worst-case sensitivity tests and remains to be in a position to pay its liabilities as they fall due for a period of at least 12 months following date of issuance of these accounts.

Despite the uncertainties related to Covid-19, the company's fundamentals remain strong. The directors have carefully considered the potential impact of Covid-19 and are of the view that there is no material impact on the Company's operations or on its ability to continue as a going concern.

Disclosure of information to the auditors

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and the directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Re-appointment of auditors

The company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Ernst & Young LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of S485 of the Companies Act 2006.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The company communicates with its employees regularly through email, written correspondence and meetings on matters of concern to them as employees. An intranet system which holds information about the activities of the company is accessible by all employees. Employees are encouraged to participate directly in the success of the business through the company's share incentive plan.

By order of the board,

S. Binet
Director

30 November 2020

Directors' Responsibilities Statement

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 the 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 and loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper 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 Total Gas & Power Limited

Opinion

We have audited the financial statements of Total Gas & Power Limited for the year ended 31 December 2019, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Shareholders' Equity and the related notes 1 to 29, 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 Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its 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.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 28 of the financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

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.

Independent auditor's report (continued)

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 directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

Independent auditor's report (continued)

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

Kiran Jamil (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

2 December 2020

Profit and Loss Account
for the year ended of 31 December 2019

	Notes	2019	2018
		£'000	£'000
Net trading gain	4	2,001,406	1,545,141
Distribution costs		(1,447,874)	(1,138,964)
Administrative expenses		(250,955)	(134,630)
Operating profit	5	302,577	271,547
Interest receivable	8	11,021	8,640
Interest payable	9	(29,333)	(2,728)
Other finance expense		(1,105)	(993)
Profit on ordinary activities before taxation		283,160	276,466
Tax on profit on ordinary activities	10	(54,615)	(52,940)
Profit for the year	21	228,545	223,526

The profits of the current and previous year relate entirely to continuing operations.

Statement of comprehensive income
for the year ended 31 December 2019

	Notes	2019	2018
		£'000	£'000
Profit for the year		228,545	223,526
Items that cannot be reclassified to profit and loss			
Actuarial gain /(loss)	25	6,868	10,326
Movement in deferred tax relating to pension scheme	10	(1,316)	(1,756)
Currency translation adjustments		1,586	0
Total other comprehensive income/(loss)		**7,138**	**8,570**
Total comprehensive income		**235,683**	**232,096**

Balance sheet
as 31 December 2019

	Notes	*2019* *£'000*	*2018* *£'000*
Non-current assets			
Intangible assets	11	7,831	7,319
Tangible Assets	12	1,188,440	7,294
Capital work in progress	13	6,785	1,528
Loan to Group company	16	500,000	-
Non-current assets		**1,703,056**	**16,141**
Current assets			
Stock	14	182,544	226,546
Debtors	16	1,664,220	2,699,644
Derivative financial instruments	23	3,214,850	2,058,749
Cash and cash equivalents	15	1,158,602	823,867
Total current assets		**6,220,216**	**5,808,806**
Total assets		**7,923,272**	**5,824,947**
Shareholders' equity			
Called up equity share capital	19	156,774	145,800
Share premium	3	127,054	-
Share-based payment reserve	26	13,006	11,402
Other reserves	3	(588,821)	-
Retained earnings	21	1,800,942	1,566,845
Currency translation adjustments		1,586	-
Total Shareholders' equity		**1,510,541**	**1,724,047**
Non-current liabilities			
Employee benefits	25	9,058	16,030
Lease liability	22	1,121,768	-
Other provisions	18	18,485	-
Deferred tax liability	10	29,430	38,581
Total non-current liabilities		**1,178,741**	**54,611**
Current liabilities			
Creditors	17	1,975,520	2,334,682
Derivative financial instruments	23	3,116,920	1,711,607
Lease liability – current portion	22	141,550	-
Total current liabilities		**5,233,990**	**4,046,289**
Total liabilities and shareholders' equity		**7,923,272**	**5,824,947**

The financial statements were approved and authorised for issue by the board on 30 November 2020.

S. Binet
Director

Statement of changes in shareholders' equity
for the year ended 31 December 2019

	Called up equity share capital (note 19)	Share-premium	Share-based payment reserve (note 25)	Other reserves	Retained earnings (note 20)	Currency translation adjustment	Total
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2018	145,800	-	9,965	-	1,555,003	-	1,710,768
Profit for the financial year	-	-	-	-	223,526	-	223,526
Other comprehensive (loss)/income	-	-	-	-	8,570	-	8,570
Total comprehensive income for the year					232,096	-	232,096
Share based payments (note 26)	-	-	1,437	-	-	-	1,437
Equity dividends paid (note 21)	-	-	-	-	(220,254)	-	(220,254)
At 31 December 2018	145,800	-	11,402	-	1,566,845	-	1,724,047
At 1 January 2019	145,800	-	11,402	-	1,566,845	-	1,724,047
Profit for the financial year	-	-	-	-	228,545	-	228,545
Other comprehensive (loss)/income	-	-	-	-	5,552	1,586	7,138
Total comprehensive income for the year	-	-	-	-	234,097	1,586	235,683
Share based payments (note 26)	-	-	1,604	-	-	-	1,604
Equity dividends paid (note21)	-	-	-	-	-	-	-
Business combination (note 3)	10,974	127,054	-	(588,821)	-	-	(450,793)
At 31 December 2019	156,774	127,054	13,006	(588,821)	1,800,942	1,586	1,510,541

Notes to the financial statements
at 31 December 2019

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Total Gas & Power Limited (the "company") for the year ended 31 December 2019 were authorised for issue by the board of the directors on 30 November 2020 and the balance sheet was signed on the board's behalf by S. Binet. Total Gas & Power Limited is incorporated and domiciled in England and has a branch registered in Geneva, Switzerland.

These financial statements were prepared in accordance with Financial Reporting Standards 101 Reduced Disclosure Framework (FRS 101) including the July 2015 amendments and in accordance with applicable accounting standards.

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The results of Total Gas & Power Limited are included in the consolidated financial statements of Total SA (note 29).

The company's place of business is Total Gas & Power Limited, 10 Upper Bank Street, London, E14 5BF. The branch's place of business is Total Gas & Power Limited, London, Meyrin-Geneva Branch, Route de l'Aéroport 10, 1215 Geneva, Switzerland.

2. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year with the exception of the following pronouncements that have been issued by the International Accounting Standard Board ("IASB").

Effective for annual periods beginning on or after 1 January 2019

IFRS 16 *Leases*

The principal changes in accounting policies and their effects are set out below:

IFRS 16 replaces the guidance in IAS 17 *Leases*. The new IFRS 16 standard, applicable from 1 January 2019 led the company to record from this date all leases in the balance sheet and as counterpart to record the corresponding financial debts as liability in the balance sheet (before 1 January 2019, only finance leases were recorded in the balance sheet).

As part of the first application of IFRS 16 *Leases* as of 1 January 2019, the company:

i) applied the simplified retrospective transition method, accounting for cumulative effect of the initial application of the standard at the date of first application, without restating the comparative periods;
ii) used the simplification measures provided by the standard in the transitional provisions:
    a. exclusion of contracts that the company had not previously identified as containing lease under IAS 17 and IFRIC 4
    b. exclusion of leases whose term ends within 12 months of the date of first application
iii) recognized each lease component as a separate lease, separately from non-lease components of the lease (services);
iv) applied the two exemptions of the standard on short-term leases and leases of low value assets.

Notes to the financial statements (continued)
at 31 December 2019

2. Accounting policies (continued)

The impact of the application of this standard as at 1 January 2019 is £16,276 thousands on fixed assets, £(17,315) thousands on net debt and £1,039 thousands on other assets and liabilities. The weighted average incremental borrowing rate of 3.8% at transition date was determined on the basis of the initial duration of the contracts.

The impact on fixed assets is broken down as follows:

	£'000
Right of use of buildings	15,454
Right of use office equipment	822
Total	**16,276**

The following table provides a reconciliation of the operating lease commitments disclosed as at 31 December 2018 to the total lease liability recognized on the balance sheet in accordance with IFRS 16 as at 1 January 2019, with explanations below:

	£'000
Operating lease commitments as at 31 December 2018	23,691
Effect of discounting	(2,904)
Other	(3,472)
Total additional lease liabilities recognized on adoption of IFRS 16	**17,315**

Basis of preparation

The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain financial instruments and in accordance with applicable accounting standards.

Where relevant equivalent disclosures have been made in the consolidated accounts of Total SA, the company has taken advantage of the following disclosures exemptions under FRS 101:

(i) The requirements of paragraphs 45 (b) and 46-52 of IFRS 2 *Share-Based Payment*, because the share based payment arrangement concerns the instruments of another group entity
(ii) The requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*
(iii) The requirements of paragraph 10(d), 10(f), 16, 38(a), 38(b), 38(c), 38(d), 40(a), 79(a)(iv), 111 and 134 – 136 of IAS 1 *Presentation of Financial Statements*
(iv) *The requirements of paragraph 73(e) of IAS 16 Property, Plant and Equipment*
(v) *The requirements of paragraph 118(e) of IAS 38 Intangible Assets*
(vi) The requirements of IAS 7 *Statement of Cash Flows*
(vii) The requirements of paragraphs 30 and 31 of IAS 8 *Accountings Policies, Changes in Accounting Estimates and Errors*
(viii) The requirements of paragraph 17 and 18 (a) of IAS 24 *Related Party Disclosures*
(ix) 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
(x) The requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*
(xi) *The requirements of IFRS 7 Financial Instruments: Disclosures*

All equivalent disclosures regarding the above exemptions are included in the consolidated financial statements of Total SA.
In the prior year, the company early adopted the triennial amendments to FRS 101 published by the Financial Reporting Council in March 2018.

Notes to the financial statements (continued)
at 31 December 2019

2. **Accounting policies (continued)**

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Net Trading Gain

Net trading gain arises from realised and unrealised sales and purchases of commodity contracts that have been determined to be for trading purposes and other financial instruments held for trading. It also includes realised and unrealised gains on marketing UK operations. They are shown at their net value to reflect the substance of the transactions.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Such costs include costs directly attributable to making the asset capable of operating as intended and, for assets that necessarily take a substantial period of time to get ready for their intended use, borrowing costs. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Lease premium on short leasehold property	-	Up to the next rent review
Lease	-	Lease contract duration
Office equipment	-	4 years
Computer equipment	-	Up to 4 years

An assessment to whether impairment indicators exist is performed at each reporting date. If impairment indicators exist, an estimate of the asset's recoverable amount is made in order to determine the extent of the impairment loss.

The expected useful lives of tangible fixed assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset (or those assets are) not explicitly specified in an arrangement.

Leases are capitalised at the commencement of the lease at the inception date of fair value of the leases property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes to the financial statements (continued)
at 31 December 2019

2. Accounting policies (continued)

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition, subject to the constraint that, unless the asset has a readily ascertainable market value, the fair value is limited to an amount that does not create or increase any negative goodwill arising on the acquisition. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Intangible assets are amortised on a straight line basis over their estimated useful lives of up to 5 years. An assessment to whether impairment indicators exist is performed at each reporting date. If impairment indicators exist, or when annual impairment testing for an asset is required, an estimate of the asset's recoverable amount is made in order to determine the extent of the impairment loss.

Employee Benefits

Wages, salaries, bonuses and social security contributions are accrued in the period in which the associated services are rendered by the employees of the company. The accounting policies for pensions, share-based payments and other post-retirement benefits are described below.

Pension costs

For the defined benefit scheme, operating costs of providing pensions together with any related finance costs are recognised in the Profit and Loss account in the period in which they are earned. Actuarial gains and losses are recognised in the Statement of Comprehensive Income.

For defined contribution plans, expenses correspond to the contributions paid.

Defined benefit obligations are determined according to the Projected Unit Method. Actuarial gains and losses may arise from differences between actuarial valuation and projected commitments (depending on new calculations or assumptions) and between projected and actual return of plan assets. Such gain and losses are recognized in the statement of comprehensive income, with no possibility to subsequently recycle them to the income statement.

The past service cost is recorded immediately in the statement of income, whether vested or unvested.

The net periodic pension cost is recognized under "Administrative expenses".

Share-based payment

The company may grant employees stock options, create employee share purchase plans and offer its employees the opportunity to subscribe to reserved capital increase. These employee benefits are recognized as expenses with a corresponding credit to shareholders' equity.

The expense is equal to the fair value of the instruments granted. The expense is recognized on a straight-line basis between the grant date and vesting date.

The fair value of the options is calculated using the Black-Scholes model at the grant date.

For restricted share plans, the fair value is calculated using the market price at the grant date after deducting the expected distribution rate during the vesting period.

The number of allocated equity instruments can be revised during the vesting period in cases of non-compliance with performance conditions, with the exception of those related to the market, or according to the rate of turnover of the beneficiaries.

The cost of employee-reserved capital increase is immediately expensed. A discount reduces the expense in order to account for the non-transferability of the shares awarded to the employees over a period of five years.

Notes to the financial statements (continued)
at 31 December 2019

2. Accounting policies (continued)

Taxation

Corporation tax is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to receive more, tax. Deferred tax assets are recognised only to the extent that the directors consider that it is probable that taxable profit will be available against which the temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

Stock

Stock is held for trading and consists of gas, petcoke and emissions held in storage and in transit, and is stated at fair value less costs of sale. Any changes in fair value are recognised in the profit and loss account.

Foreign currency

The company's financial statements are presented in Sterling, which is also Total Gas and Power Ltd's functional currency. However, the functional currency of Total Gas & Power Limited, London, Meyrin-Geneva Branch is the US dollar. The resulting currency translation adjustments generated by the branch are presented on the line "currency translation adjustment" in the statement of comprehensive income and in the balance sheet.

Monetary transactions
Transactions in foreign currencies 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 or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

Translation of financial statements
Assets and liabilities denominated in foreign currencies other than Sterling are translated into Sterling on the basis of the exchange rates at the end of the period. The income statements are translated using the average exchange rates for the period. Foreign exchange differences resulting from such translations are recorded in shareholder's equity under "Currency translation adjustments".

Financial assets and liabilities

Financial assets and liabilities are trade and other receivables and payables, physical and financial derivatives, cash, short term deposits and loans.

The accounting treatment of these financial assets and liabilities is as follows:

i. Loans and receivables

   Loans and receivables are recognized at amortized cost. They mainly include commercial receivables and payables as well as cash and cash equivalent.

   The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Loss allowances for trade receivables are measured at an amount equal to the 12-month expected credit loss.

Notes to the financial statements (continued)
at 31 December 2019

2. Accounting policies (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is past due.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, while 12 month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of expected credit losses
Expected credit losses are measured as a function of probability of default and loss given default. Probability of default is the likelihood of default over a particular time horizon and is derived using external credit ratings, if they are available, or internal-credit ratings based on quantitative or qualitative information for the counterparty. Loss given default is the assumption of the proportion of financial asset that cannot be recovered by conversion of collateral to cash or by legal process, and is assessed based on the Company's historical experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

ii. Derivative instruments

As part of its trading activities, the company enters into physical commodities contracts, including gas, power and coal contracts together with related paper financial instruments. These instruments are considered as held for trading and carried in the balance sheet at fair value. Changes in fair value are recorded in the income statement under net trading gain. The fair value of these instruments is recorded in "Derivative financial instruments".

iii. Offsetting

Financial assets and liabilities are presented gross in the balance sheet unless both of the following criteria are met:

- The company currently has a legally enforceable right to set off the recognised amounts and,
- The company intends to either settle on a net basis or realise the asset and settle the liability simultaneously.

If both of the criteria are met, the amounts are set off and presented net.

Interest receivable and payable

Interest income and expense is recognised as the interest accrues (using the effective interest rate).

Factoring

A factoring program is in place that transfers part of the receivables of the company to a third party.
The receivables are transferred at the end of every month and are determined based on sales to customers for the past month. All the transferred receivables are either insured through a dedicated credit insurance contract or relating to sales to public sector customers, bearing no credit risk.

Notes to the financial statements (continued)
at 31 December 2019

2. Accounting policies (continued)

Key judgments and estimates
Fair values of the company's financial instruments are established by reference to market prices of the relevant commodities.

Estimations of fair value must be weighted by the fact that the value of a financial instrument at a given time may be influenced by the market environment (liquidity especially), and also the fact that subsequent changes in interest rates and exchange rates are not taken into account.

As a consequence, the use of different estimates, methodologies and assumptions could have a material effect on the estimated fair value amounts.

The valuation methodology is to mark to market all open positions of both physical and paper transactions. The valuations are determined on a daily basis using observable market data based on organized and over the counter (OTC) markets. In particular cases when market data are not directly available, the valuations are derived from observable data such as arbitrages, freight or spreads and market corroboration. For valuation of risks which are the result of a calculation, such as options for example, commonly known models are used to compute the fair value.

3. Business combination

On 1 September 2019, Total Gas & Power Chartering Limited, a sister affiliate, completed the transfer of its assets and liabilities related to the transportation by ship of sulphur, petcoke and LNG to the company acting through Total Gas & Power Limited, London, Meyrin-Geneva Branch. The business was transferred under common control, and therefore is outside the scope of IFRS 3 "Business Combinations". The business was transferred for a cash consideration of US$ 16,950,000 (£13,910,000).

On 1 September 2019, Global LNG, S.A.S, a sister affiliate, completed a transfer of business of its LNG and shipping activities being all of its assets including all contracts and related liabilities to the company acting through Total Gas & Power Limited, London, Meyrin-Geneva Branch. This transfer excluded small scale LNG business and shipping ownership. The business was transferred under common control, and therefore is outside the scope of IFRS 3 "Business Combinations". In consideration of the transfer, the company issued a consideration share at its nominal value plus a share premium, being equal to the market value of the assets. Following the contribution, Global LNG, S.A.S acquired to 7% of the company's ordinary shares.
The impact of these transfers on the company's is:

	GLNG impact *£'000*
Share capital	10,974
Share premium	127,054
Other reserves	(588,821)
Total	(450,793)

4. Net trading gain

Net trading gain arises from realised and unrealised sales and purchases of commodity contracts that have been determined to be for trading purposes and other financial instruments held for trading. It also includes realised and unrealised gains on marketing UK operations. They are shown at their net value to reflect the substance of the transactions.

Notes to the financial statements (continued)
at 31 December 2019

5. Operating profit

Operating profit is stated after charging:	*2019*	*2018*
	£'000	*£'000*
Depreciation of owned assets including amortisation of intangible assets (notes 11 and 12)	61,479	2,361
Operating lease rentals	-	2,681
Leases not recorded in the balance sheet	49,120	-
Auditors' remuneration – audit of the financial statements	586	336
– other fees to Auditors	-	18
Loss / (Profit) on foreign currency transactions	2,022	78

The auditors' remuneration of £586,000 (2018 - £354,000) includes amounts pertaining to other group companies, being Total Midstream Holdings UK Limited £5,000 (2018 - £5,000), Total New Energies Limited £5,000 (2018 - £5,000), Total Gas & Power Chartering Limited £15,000 (2018 - £15,000), Total Gas & Power Services Limited £10,000 (2018 - £10,000) and Global LNG UK Limited £40'000 (2018 - £0).

6. Directors' remuneration

	2019	*2018*
	£'000	*£'000*
Remuneration costs	11,447	10,490
Amounts paid to pension scheme	74	129

	2019	*2018*
	No.	*No.*
Members of UK defined benefit pension schemes	0	2
Members of UK defined contribution pension schemes	3	4
Members of Swiss defined benefit pension schemes	2	0

Of the remuneration costs £2,421,378 (2018 - £2,133,844) pertains to consideration paid to group companies for making available the services of directors.

The aggregate remuneration pertaining to the highest paid director were £4,911,612 (2018 - £3,600,630). This director was a member of the UK.

7. Employee costs

	2019	*2018*
	£'000	*£'000*
Wages and salaries	89,728	69,443
Social security costs	11,129	8,923
Share-based payments (note 26)	1,604	1,437
Contributions Share Incentive Plan	631	635
Other pension costs	6,438	8,111
Total employee costs	**109,530**	**88,549**

Other pension costs includes £5,504,115 (2018 - £4,284,958) of contribution by the company to the defined contribution section of the pension plan.
The average number of employees during the year was 665 (2018 – 609).

Notes to the financial statements (continued)
at 31 December 2019

8. Interest receivable

	2019	2018
	£'000	£'000
Bank interest received	382	11
Interest received from group companies	9,590	6,957
Interest received from third parties	1,049	1,672
Total interest receivable	**11,021**	**8,640**

9. Interest payable

	2019	2018
	£'000	£'000
Bank loans and overdrafts	282	178
Interest paid to group companies	4,356	1,272
Interest paid to third parties	1,337	1,278
Financial interests on lease	23,358	-
Total interest payable	**29,333**	**2,728**

10. Taxation

	2019	2018
a) Tax charged in the income statement	£'000	£'000
Current tax		
UK Corporation tax (Current tax) for the year	64,832	62,109
Adjustments to current tax in respect of prior years	250	(67)
Total current tax charge	65,082	62,042
Deferred Tax		
Origination and reversal of timing differences – current year	(10,272)	(9,210)
Origination and reversal of timing differences – prior year	(626)	71
Impact of change in tax laws and rates	431	37
Total deferred tax	(10,467)	(9,102)
Tax charge on profit on ordinary activities	**54,615**	**52,940**

	2019	2018
b) Tax relating to items charged to Other Comprehensive Income	£'000	£'000
Deferred Tax		
Actuarial gains / (losses) in pension scheme	1,316	1,756
Tax charge / (credit) on profit on ordinary activities	**1,316**	**1,756**

Notes to the financial statements (continued)
at 31 December 2019

10. Taxation (continued)

c) Factors affecting the tax charge

The corporation tax charge is higher (2018: higher) than the average standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below.

	2019	*2018*
	£'000	*£'000*
Profit on ordinary activities before tax	283,160	276,466
Corporation tax at 19% (2018: 19%)	53,800	52,528
Effects of:		
Expenses not deductible for tax purposes	760	370
Impact of change in tax laws and rates	431	37
Adjustments to tax charge in respect of previous periods	(376)	5
Total corporation tax charge	**54,615**	**52,940**

In the budget on 16 March 2016 a reduction of the corporation tax rate from 19% to 17% from 1 April 2020 was announced. In the Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%. This change was substantively enacted in March 2020.

The impact of this rate change on the closing deferred tax liability is to increase the deferred tax liability by £3,380,000.

d) Deferred tax

i) The components of the deferred tax balances are as follows:

	2019	2018
	£'000	*£'000*
Deferred Tax Asset		
Pension	1,375	2,725
Excess depreciation over capital allowances	826	701
	2,201	3,426
Deferred Tax Liability		
Temporary tax deductions	(31,631)	(42,007)
	(31,631)	(42,007)
Net deferred tax liability	**(29,430)**	**(38,581)**

ii) Deferred taxes are presented on the balance sheet as follows:

	2019	2018
	£'000	*£'000*
Deferred tax assets	-	-
Deferred tax liabilities	(29,430)	(38,581)
Net amount	**(29,430)**	**(38,581)**

Notes to the financial statements (continued)
at 31 December 2019

10. Taxation (continued)

iii) The net deferred tax variation in the balance sheet is analysed as follows:

	2019 £'000	2018 £'000
Opening balance	(38,581)	(45,928)
Impact of transitional adjustment on adoption of FRS101	8,118	8,118
Deferred tax on pension	(1,350)	(1,431)
Movement in accelerated capital allowances	125	(10)
Movement in other timing differences	2,258	670
Closing balance	(29,430)	(38,581)

11. Intangible fixed assets

		2019 £'000
Cost	At 01 January	11,700
	Additions	121
	Reclassification	526
	Transfer in from business combinations	165
	Currency translation adjustment	(88)
	At 31 December	12,424
Amortisation	At 01 January	(4,380)
	Charge for the year	(213)
	At 31 December	(4,593)
Net book value	**At 31 December**	7,831
	At 01 January	7,319

2019 additions relate to computer software.

Notes to the financial statements (continued)
at 31 December 2019

12. Tangible fixed assets

	Short leasehold property £'000	*Office equipment* £'000	*Computer equipment* £'000	*Merchant ship* £'000	*Total* £'000
Cost					
As at 1 January 2018	9,518	2,607	20,579	-	32,704
Additions	-	335	2,312	-	2,647
As at 31 December 2018 and 1 January 2019	**9,518**	**2,942**	**22,891**	**-**	**35,351**
Additions	-	181	1,177	41,779	43,137
Reclassifications	104	(104)	-	-	-
Transfers in from business combinations	-	-	-	1,181,019	1,181,019
First time application of the IFRS16 standard	15,454	822	-	-	16,276
Disposals and write off	(337)	(1,189)	(4,039)	-	(5,565)
Adjustments	37	5	(44)	-	(2)
Currency translation adjustment	-	-		1,913	1,913
As at 31 December 2019	**24,776**	**2,657**	**19,985**	**1,224,711**	**1,272,129**
Depreciation					
As at 1 January 2018	(7,408)	(2,072)	(16,216)	-	(25,696)
Charge for the year	(226)	(145)	(1,990)	-	(2,361)
As at 31 December 2018 and 1 January 2019	**(7,634)**	**(2,217)**	**(18,206)**	**-**	**(28,057)**
Charge for the year	(2,168)	(823)	(2,161)	(56,114)	(61,266)
Disposals and write off	332	1,189	4,039	-	5,560
Adjustments	6	61	7	-	74
As at 31 December 2019	**(9,464)**	**(1,790)**	**(16,321)**	**(56,114)**	**(83,689)**
Net book value					
At 31 December 2019	**15,312**	**867**	**3,664**	**1,168,597**	**1,188,440**
As at 31 December 2018 and 1 January 2019	1,884	725	4,685	-	7,294
As at 1 January 2018	2,110	535	4,363	-	7,008

13. Capital work in progress

	2019 £'000	*2018* £'000
As at 1 January	1,528	-
Additions	1,807	1,528
Reclassification	(526)	-
Transfers in from business combinations	4,308	-
Currency translation adjustment	(332)	-
As at 31 December	**6,785**	**1,528**

This note shows the accumulated cost at the balance sheet date for IT projects relating to the implementation of new systems not yet placed in service and to floating storage regasification unit projects which have not started as at 31 December 2019.

Notes to the financial statements (continued)
at 31 December 2019

14. Stock

	2019	*2018*
	£'000	*£'000*
Product (Gas, Coal and Petcoke) held in storage and in transit	173,078	138,762
Other stocks (Emission certificates)	9,466	87,784
Total stock	**182,544**	**226,546**

15. Cash and cash equivalents

	2019	*2018*
	£'000	*£'000*
Cash at bank	22,313	1,251
Cash owed by group companies	1,136,289	822,616
Total cash and cash equivalents	**1,158,602**	**823,867**

16. Debtors

	2019	*2018*
	£'000	*£'000*
Trade debtors	772,118	1,051,777
Owed by group companies – Trade	668,693	1,040,483
Other taxation	3,950	2,149
Prepayments and accrued income	219,459	605,235
Total debtors, current	**1,664,220**	**2,699,644**

Prepayments and accrued income primarily represents current month sales that are invoiced in the month following delivery.

In 2019, the company issued a non-current loan to a group company for an amount of £500,000,000.

Notes to the financial statements (continued)
at 31 December 2019

17. Creditors

	2019	2018
	£'000	£'000
Trade creditors	924,439	320,401
Owed to parent company	104	99
Owed to group companies – Trade	426,922	1,265,974
Corporation tax	48,234	35,435
Other taxation and social security	83,106	64,651
Accruals and deferred income	492,715	648,122
Total creditors	**1,975,520**	**2,334,682**

Accruals and deferred income represents primarily the value of current month purchases that are invoiced in the month following delivery.

18. Other provisions

	2019	2018
	£'000	£'000
As at 1 January	-	-
Transfers in from business combinations	15,629	-
Charged to profit and loss account	2,856	-
Utilization	-	-
As at 31 December	**18,485**	-

These provisions are related to the company's shipping activity and are made when a dry dock is probable and the amount reasonably determinable.

19. Equity share capital

	2019	2018
	£'000	£'000
Authorised:		
Ordinary shares of £1 each	156,774	145,800
Preference share 1 share of £1	-	-
Total authorised	**156,774**	**145,800**
Issued, called up and fully paid:		
Ordinary shares of £1 each	156,774	145,800
Preference share 1 share of £1	-	-
Total issued	**156,774**	**145,800**

During the year, the ordinary share capital has increased by £10,974,194 in consideration of GLNG business transfer to Total Gas and Power Limited as at 1 September 2019.

Notes to the financial statements (continued)
at 31 December 2019

20. Capital Management

The company defines capital as total equity (which is the company's net asset value). The company operates extensively on physical and derivative markets, both organized and over the counter. It uses derivative instruments (futures, forwards, swaps and options) with the aim of adjusting its exposure to fluctuations in the price of relevant commodities. These transactions are entered into with various counterparties.
As such, net asset value is monitored by management.

21. Retained earnings

	2019	*2018*
	£'000	*£'000*
As at 1 January	1,566,845	1,555,003
Actuarial gain / (loss) for the year (note 25)	6,868	10,326
Tax effect on pension scheme (note 10)	(1,316)	(1,756)
Profit for the year	228,545	223,526
Dividends paid in the year	-	(220,254)
As at 31 December	**1,800,942**	**1,566,845**

22. Lease contracts

The company has real estate, other equipment and merchant ships under leases.

Merchant ships

The company leases merchant ships for transportation activity. The leases of vessels typically run for a period from less than 1 year to 20 years. Some leases can include a purchase option, an extension option for an additional period and an early termination option for a fee.

Real estate leases

The company leases buildings for its office space. The leases of office space typically run for a period between 10 and 20 years.

Some rental fees are subject to periodic review.

Equipment leases

The company leases equipment. The leases of equipment typically run for a period between 3 to 5 years. Some leases include an option to renew the lease for an additional period of 1 year and an early termination option for a fee.

Other leases

The company leases cars with contract terms of 3 years. Theses leases are short-term and/or low-value items. The company has elected not to recognise right-of-use assets and lease liabilities for these leases.

Notes to the financial statements (continued)
at 31 December 2019

22. Lease contracts (continued)

Right-of-use assets

Following the application of IFRS 16 "Leases", tangible fixed assets as at 31 December 2019 presented in the note 12 includes the following amount of right-of-use assets:

	Short leasehold property £'000	Office equipment £'000	Computer equipment £'000	Merchant ship £'000	Total £'000
Cost	15,454	822	-	1,224,628	1,240,904
Depreciation	(1,879)	(284)	-	(56,090)	(58,253)
Net book value	**13,575**	**538**	-	**1.168,538**	**1,182,651**

Additions to the right-of-use assets during 2019 were £41,779,232.
There was no finance lease in 2018 and 2017.

Lease liabilities

The future minimum lease payments on leases to which the company is committed are shown as follows:

For the year ended 31 December 2019 Maturity analysis – contractual undiscounted cash flow	Leases not recorded in balance sheet £'000	Leases recorded in balance sheet £'000	Committed leases not commenced at 31 December £'000
Less than one year	95,220	209,622	42,604
More than one but less than five years	186,300	683,989	457,103
More than five years	191,193	845,625	435,815
Total minimum payments	**472,713**	**1,739,236**	**935,522**
Less financial expenses		(470,472)	
Lease liabilities included in the balance sheet		**1,268,764**	
Of which current portion of lease contracts		141,550	
Of which non-current lease liabilities		1,121,768	
Of which accrued interest		5,446	

For the year ended 31 December 2018	Operating leases £'000	Finance leases £'000
Less than one year	2,727	
More than one but less than five years	10,564	-
More than five years	10,400	-
Total minimum payments	**23,691**	-

Notes to the financial statements (continued)
at 31 December 2019

22. Lease contracts (continued)

Amounts recognised in profit or loss

For the year ended 31 December 2019	*£'000*
Interest on lease liabilities	(23,358)
Expenses relating to short-term leases	(49,007)
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	(113)
Sublease income	16,243
Total	**(56,235)**

Net rental expense recorded in the income statement and incurred under operating leases for the year ended 31 December 2018 is £2,681,000.

Cash outflow for leases

The total cash outflow for leases in 2019 is £116,227,002.

23. Financial instruments related to commodity contracts

Financial instruments related to gas and power activities as well as related currency derivatives are recorded at fair value under "Current asset" or "Current liabilities" depending on whether they are assets or liabilities.

	2019		2018	
	Net balance sheet value presented - assets	Net balance sheet value presented - liabilities	Net balance sheet value presented - assets	Net balance sheet value presented - liabilities
Assets/ (Liabilities)	*£'000*	*£'000*	*£'000*	*£'000*
Swaps	384,642	(20,083)	623,180	(478,964)
Forwards (a)	2,789,743	(3,092,022)	1,435,569	(1,230,958)
Options	40,465	(4,815)	-	(1,685)
Futures	-	-	-	-
Total	**3,214,850**	**(3,116,920)**	**2,058,749**	**(1,711,607)**

The maturity of most derivatives is less than three years forward.

The change in fair value of financial instruments related to commodity contracts are detailed as follows:

	Fair value as of 1st January	Fair value movement	Settled contracts	Other	Fair value as of 31st December
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
2019	347,142	553,532	(300,245)	(502,499)	97,930
2018	266,575	406,178	(325,611)	-	347,142

The Company holds a number of long term agreements for the sale and purchase of certain commodity contracts. These agreements are measured at fair value and at the reporting date were valued as an asset of £1,387m (2018: £848m) and a liability £2,720m (2018: £750m). Due to the significance of unobservable

23. Financial instruments related to commodity contracts (continued)

inputs, the agreements are classified within level 3 of the fair value hierarchy. Such unobservable inputs include estimates made regarding the long term commodity prices as well as shipping costs, discount rates and exchange rates. Assumptions made are informed by available market data and trends, as well as management insight into the relevant markets and economies. Given the degree of uncertainty in the estimates made, it is possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require an adjustment to the carrying amount of the asset or liability affected.

24. Financial risks management

The company measures its market risk exposure, i.e., potential loss in fair values, on its trading activities using a value-at-risk technique. This technique is based on an historical model and makes an assessment of the market risk arising from possible future changes in market values over a 24-hour period. The calculation of the range of potential changes in fair values takes into account a snapshot of the end-of-day exposures and the set of historical price movements for the last 2 years for all instruments and maturities in the global trading activities.
Options are systematically re-evaluated using appropriate models.

The potential movement in fair values corresponds to a 97.5% value-at- risk type confidence level. This means that the Company's portfolio result is likely to exceed the value-at-risk loss measure once over 40 business days if the portfolio exposures were left unchanged.

Value-at-risk with a 97.5% probability

	High	Low	Average	Year end
2019	53,301	6,257	12,851	39,063
2018	19,640	2,045	7,157	7,739

The company has implemented strict policies and procedures to manage and monitor these market risks. These are based on the separation of control and front-office functions and on an integrated information system that enables real-time monitoring of trading activities.

Limits on trading positions are approved by the Group's Executive Committee and are monitored daily. To increase flexibility and encourage liquidity, hedging operations are performed with numerous independent operators, including other oil companies, major energy producers or consumers and financial institutions. The company has established counterparty limits and monitors outstanding amounts with each counterparty on an ongoing basis.

Credit risk

Credit risk is defined as the risk of the counterparty to a contract failing to perform or pay the amounts due.

There are no significant concentrations of credit risk within the company unless otherwise disclosed. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date.

The company has established procedures to minimise the risk of default by trade debtors including detailed credit checks undertaken before a customer is accepted. Historically, these procedures have proved effective in minimising the level of impaired and past due debtors.

24. Financial risks management (continued)

The amounts presented in note 16 best represent the company's exposure to credit risk before the effects of collateral. These amounts are net of the provision for 12-month expected credit losses which at 31 December 2019 was £2,183,000 (31 December 2018: £279,000). Collateral and other credit enhancements are in place to mitigate the credit risk of the company; these include letters of credit and parent company guarantees.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

Management is continually monitoring cash requirements for the company and evaluating potential sources to fund its business activities. The company does not have any external borrowings.

The following are the contractual maturities of financial liabilities:

31 December 2019	1 year or less	1-5 years	Greater than 5 years	Total
	£'000	*£'000*	*£'000*	*£'000*
Creditors	1,975,520	-	-	1,975,520

31 December 2018	1 year or less	1-5 years	Greater than 5 years	Total
	£'000	*£'000*	*£'000*	*£'000*
Creditors	2,334,682	-	-	2,334,682

25. Pension commitments

The Total Gas & Power Ltd section of the Total UK Pension Plan is a defined benefit plan, which requires contributions to be made to a separately administered fund. The Total UK Pension Plan is not a sectionalised scheme for the purposes of the Pensions Act 1995 and Pensions Act 2004.

As at 01 September 2019, Total Gas & Power Limited, London, Meyrin-Geneva Branch entered into a new pension plan for employees based in Switzerland which is a defined benefit pension plan. It requires contributions to be made to a separately administered fund.

No deficit payment was made during the year. Regular employer contributions to the Plan in 2020 are expected to be £4.3m.

The pension cost relating to the Plan is assessed in accordance with the advice of independent qualified actuaries using, in general, the projected unit credit method. The assets were taken at their market value and liabilities were valued by reference to market yields at the respective balance sheet dates.

The pension scheme assets are held in a separate Trustee administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interest of the fund's beneficiaries. The appointment of the trustees to the fund is determined by the scheme's trust documentation.

25. Pension commitments (continued)

The principle assumptions used by the independent qualified actuaries in updating the latest valuations were:

a) Main Financial Assumptions

UK pension scheme	*31 December 2019 (% p.a.)*	*31 December 2018 (% p.a.)*
RPI Inflation	3.25	3.50
CPI Inflation	2.25	2.50
Rate of general long-term increases in salaries	3.35	3.40
Rate of increase to pensions in payment	2.20/3.65	2.40/3.75
Discount rate for scheme liabilities	2.25	3.00

Mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 24.7 years if they are male and for a further 25.3 years if they are female.
For a member who retires in 20 years at age 65 the assumptions are that they will live on average for a further 26.5 years after retirement if they are male and for a further 27.1 years after retirement if they are female.
The investments in scheme assets, as listed below, expose the company to stock market, property risk and interest rates.

The company employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long term rate of return on each asset class is set out within this note. The overall expected rate of return on assets is derived by aggregating the assumed long-term rate of return on each asset class over the actual asset allocation for the Plan at 31 December 2019.

Swiss pension scheme	*31 December 2019 (% p.a.)*
RPI Inflation	1
Rate of general long-term increases in salaries	2
Discount rate for scheme liabilities	0.25

Mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 22 years if they are male and for a further 23.9 years if they are female.
For a member who retires in 20 years at age 65 the assumptions are that they will live on average for a further 24.1 years after retirement if they are male and for a further 26.1 years after retirement if they are female.
The investments in scheme assets, as listed below, expose the company to stock market, property risk and interest rates.

Notes to the financial statements (continued)
at 31 December 2019

25. Pension commitments (continued)

b) Reconciliation to Balance Sheet	*Value at 31 December 2019 £'000*	*Value at 31 December 2018 £'000*	*Value at 31 December 2017 £'000*	*Value at 31 December 2016 £'000*	*Value at 31 December 2015 £'000*
Fair value of assets	121,388	99,848	100,433	90,723	76,279
Present value of funded defined benefit obligations	(130,446)	(115,878)	(124,882)	(113,151)	(89,009)
(Deficit)	**(9,058)**	**(16,030)**	**(24,449)**	**(22,428)**	**(12,730)**
Related deferred tax asset	1,375	2,725	4,156	3,813	2,291
Net pension liability	**(7,683)**	**(13,305)**	**(20,293)**	**(18,615)**	**(10,439)**

c) Analysis of profit & loss account charge	*31 December 2019 £'000*	*31 December 2018 £'000*
Operating cost	1,892	3,243
Financing cost	448	583
Expense recognised in Profit & Loss	**2,340**	**3,826**

d) Change in defined benefit obligation	*31 December 2019 £'000*	*31 December 2018 £'000*
Defined benefit obligation at end of prior year	115,878	124,882
Current service cost	3,195	2,701
Past service cost / curtailment	(1,304)	542
Interest expense	3,447	3,112
Benefit payments from plan asset	1,583	(1,292)
Participant contributions	261	133
Effect of changes in demographic assumptions	(7,472)	-
Effect of changes in financial assumptions	16,607	(14,896)
Effect of experience adjustments	(1,743)	696
Foreign currency adjustment	(6)	
Defined obligation at end of year	**130,446**	**115,878**

Notes to the financial statements (continued)
at 31 December 2019

25. Pension commitments (continued)

e) Change in fair value of plan assets	31 December 2019	31 December 2018
	£'000	£'000
Fair value of plan assets at end of prior year	99,848	100,433
Interest income	2,998	2,529
Employer contributions	2,437	1,919
Participant contributions	261	133
Benefit payments from plan assets	1,591	(1,292)
Return on plan assets (excluding interest income)	14,253	(3,874)
Fair value of plan asset at end of year	**121,388**	**99,848**

f) Component of defined benefit cost	31 December 2019	31 December 2018
	£'000	£'000
Current service cost	3,195	2,701
Past service cost / curtailment	(1,304)	542
Interest expense on DBO	3,447	3,112
Interest (income) on plan assets	(2,998)	(2,529)
Defined benefit cost included in P&L	**2,340**	**3,826**
Effect of changes in demographic assumptions	(7,472)	-
Effect of changes in financial assumptions	16,609	(14,896)
Effect of experience adjustments	(1,743)	696
Return on plan assets (excluding interest income)	(14,262)	3,874
Defined benefit (credit) / cost included in OCI	**(6,868)**	**(10,326)**
Total defined benefit cost recognized in P&L and OCI	**(4,528)**	**(6,500)**

g) Plan assets	31 December 2019	31 December 2018
	£'000	£'000
<u>Fair value of plan assets:</u>		
Cash and Cash equivalents	2,949	1,177
Equity instruments	53,064	44,300
Debt instruments	27,092	18,602
Real estate	9,501	8,052
Derivatives / investment funds	364	13,940
Assets held by insurance company	14,927	13,777
Others quoted securities	13,491	-
Total	**121,388**	**99,848**
Actual (deficit) / return on plan assets	**17,260**	**(1,345)**

Notes to the financial statements (continued)
at 31 December 2019

25. Pension commitments (continued)

h) Expected cash flow for following years

	31 December 2019
	£'000
Expected employer contribution	4,305
Expected total benefit payments:	
Year 1	1,995
Year 2	1,953
Year 3	1,966
Year 4	1,994
Year 5	2,079
Next 5 years	10,084

i) Significant actuarial assumptions

UK pension scheme	*31 December 2019*	*31 December 2018*
	£'000	*£'000*
Weighted-average assumptions to determine defined benefit obligation		
Discount rate	2.25%	3.00%
Price inflation rate	3.25%	3.50%
Weighted-average assumptions to determine defined benefit cost		
Discount rate	3.00%	2.50%
Price inflation rate	3.50%	3.50%

Swiss pension scheme	*31 December 2019*
	£'000
Weighted-average assumptions to determine defined benefit obligation	
Discount rate	0.25%
Price inflation rate	1.00%
Weighted-average assumptions to determine defined benefit cost	
Discount rate	0.90%
Price inflation rate	1.00%

Notes to the financial statements (continued)
at 31 December 2019

25. Pension commitments (continued)

j) Sensitivity analysis	*31 December 2019*	*31 December 2018*
	£'000	*£'000*
Present value of defined benefit obligations		
Discount rate – 50 basis point	17,264	15,040
Discount rate + 50 basis point	(14,671)	(12,928)
Price inflation rate – 50 basis point	(10,599)	(10,166)
Price inflation rate + 50 basis point	11,303	10,650

26. Share-based Payment reserve

Stock options, restricted share grants and the cash settled share plan concern only shares of Total SA. All plans are approved by the Board of Directors of Total SA, based upon recommendations by the Compensation Committee. For each stock options and restricted share grants plan, the committee establishes a list of beneficiaries from the company and the number of options or restricted shares granted to each beneficiary. The board of directors of Total SA then gives final approval for this list.

Stock options have a term of eight years, with an exercise price set at the average of the opening share prices during the last 20 trading days prior to the grant date, without any discount being applied. Options may only be exercised after an initial two-year period and the shares issued upon exercise may not be transferred prior to the termination of an additional two year holding period.

Performance share grants become final after a three-year vesting period, subject to certain pre-defined conditions, set by the Total SA board acting upon recommendations from the Compensation Committee, relating to the return on equity of the Group in the fiscal year preceding the year of final attribution. At the end of this vesting period, and subject to these performance conditions, the performance share grants become final. However, these shares may not be transferred prior to the end of an additional two-year holding period.

The options granted are equity settled transactions, the fair value of which is determined at the date of grant using the Black Scholes method. The expense is allocated on a 24 month straight line basis between grant date and vesting date.

The grant of these options or restricted shares is used to complement, based upon individual performance assessments at the time of each plan, the Group-wide policy of developing employee shareholding and allows employees to be more closely associated with the financial and share price performance of Total.

No new stock options plan was granted in 2019.

The expected volatility is based on the implied volatility of Total share options and of share indices options traded on the markets.

Notes to the financial statements (continued)
at 31 December 2019

26. Share-based Payment reserve (continued)

The following table gives a breakdown of stock options and restricted shares awarded for the plans in effect during 2019:

				Cost of plans in each year:		
	Number of units	*Value per unit £*	*Value of plan £'000*	*2019 £'000*	*2018 £'000*	*2017 £'000*
Restricted shares 2019	46,345	35.21	1,632	436	-	-
Restricted shares 2018	48,530	32.04	1,555	514	414	-
Restricted shares 2017	41,770	31.18	1,302	434	438	188
Restricted shares 2016	37,210	28.99	1,079	220	388	385
Restricted shares 2015	32,480	29.42	956	-	197	340
Restricted shares 2014	38,480	36.60	1,408	-	-	289
			Total cost of plans	1,604	1,437	1,202

All employees of the company are invited to join the Share Incentive Plan. Under the plan employees contribute monthly to purchase shares in Total SA, with the company contributing two matching shares for each share the employee buys. Company contributed shares have a vesting period of 3 years while the employee remains employed by the group. No liability under this plan exists at the balance sheet date (2018 - £nil).

Full disclosure in respect of employees' stock options and restricted share grants are disclosed in the consolidated financial statements of Total SA.

Notes to the financial statements (continued)
at 31 December 2019

27. Related parties

During the year the company paid and received in the ordinary course of its business, amounts to/from the following related parties who are associated undertakings of fellow subsidiaries of Total SA.

		Profit and Loss account		*Debtor/ (Creditor) at end of year*	
		2019	*2018*	*2019*	*2018*
		£'000	*£'000*	*£'000*	*£'000*
Nigeria LNG Limited	- Purchases	210,383	276,212	(27,755)	(57,496)
Qatar Liquefied Gas Company Ltd II	- Purchases	726,440	863,100	2,112	(51,474)
Gas del Litoral	- Purchases	8,813	8,807	(6,751)	(6,914)
Yemen LNG	- Purchases	-	-	6	5
FOSMAX (Société du Terminal Méthanier de Fos Cavaou)	- Purchases	57,002	34,005	(8,750)	(2,871)
Saudi Aramco Total Refining & Petrochemical Company	- Purchases	43,670	59,814	456	(5,355)
Abu Dhabi Gas Liquefaction Co Ltd	- Purchases	-	24,770	-	-
Angola LNG Ltd	- Purchases	194,980	156,636	(19,683)	467
Transugil Ethylene	- Sales	137	42	39	23
	- Purchases	101	-		
Novatek Gas & Power GmbH	- Sales	11,155	10,520	1,584	(903)
	- Purchases	10,518	3,348		
Novatek Gas & Power Asia Pte Ltd	- Sales	-	72,422		
	- Purchases	164,637	24,323	(17,647)	(24,591)
Yamal LNG	- Purchases	1,084,528	597,279	(87,356)	(45,026)
South Hook LNG Terminal Company Ltd	- Purchases	19,546	-	-	-
Ichthys LNG PTY LTD	- Purchase	169,761	-	(21,739)	-
NYK Armateur SAS	- Purchase	13,565	-	(3,146)	-
Mark to Market asset				21,948	98
Mark to Market liability				(6,136)	(293)

The company has taken advantage of the exemption in paragraph 8(k) of FRS 101 from disclosing transactions with wholly owned subsidiaries of the Total SA group.

Notes to the financial statements (continued)
at 31 December 2019

28. Events since the balance sheet date

Transfer of small scale LNG business from Global LNG S.A.S.

On 20 March 2020, Global LNG S.A.S. contributed small scale LNG business in consideration for shares issued by the company.

Global health crisis

The coronavirus pandemic has developed rapidly since the beginning of the first quarter 2020 and has caused the oil price to fall significantly.

In response to the crisis, the company implemented measures to prevent transmissions of the virus in operating an effective remote working strategy and ensuring safety of physical operations.

The company operates in a complex and volatile environment and is exposed to risks including commodity price risk, credit risk and currency risk. The company trades on liquid exchanges and trades OTC with reputable counterparties and has implemented strict policies and procedures to manage and monitor these risks.

The company has a strong financial position at both 31 December 2019 and at date of issuance of these accounts. There are significant net assets and the company is performing regular monitoring of performance risk provisions. The company has performed additional worst-case sensitivity tests and remains to be in a position to pay its liabilities as they fall due for a period of at least 12 months following date of issuance of these accounts.

Despite the uncertainties related to Covid-19, the company's fundamentals remain strong. The directors have carefully considered the potential impact of Covid-19 and are of the view that there is no material impact on the Company's operations or on its ability to continue as a going concern.

29. Parent undertaking and controlling party

The immediate parent undertaking of this company is Total Midstream Holdings UK Limited, which is registered in England.

The company's ultimate parent undertaking is Total SA, a company registered in France. This is the largest and smallest group for which group financial statements are prepared. Copies of the financial statements of Total SA can be obtained from 2, Place Jean Millier, La Defense 6, 92400 Courbevoie, France.