
ENGIE ENERGY SERVICES UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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ENGIE ENERGY SERVICES UK LIMITED

COMPANY INFORMATION

DIRECTORS

N Lovett
J Jago
A Pollins

COMPANY SECRETARY

S Gregory

REGISTERED NUMBER

02665215

REGISTERED OFFICE

ENGIE Q3 Office
Quorum Business Park
Benton Lane
Newcastle-upon-Tyne
Tyne and Wear
NE12 8EX

INDEPENDENT AUDITOR

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle-upon-Tyne
NE1 4JD

ENGIE ENERGY SERVICES UK LIMITED

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ENGIE ENERGY SERVICES UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

PRINCIPAL ACTIVITIES

The principal activity of ENGIE Energy Services UK Limited ("the Company") was the provision of long-term contracts for energy management services to the public sector under the government's Private Finance Initiative ("PFI"), however the Directors have decided to wind down the trading activities of the Company and therefore all activities of the Company are discontinuing.

DIRECTORS

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

N Lovett
S Pinnell (resigned 31 March 2020)
J Jago
A Pollins (appointed 1 April 2020)

FUTURE DEVELOPMENTS

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 ongoing basis. The Company's activities do not expose it to any material price risk, interest rate cash flow 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 and liquidity risk. The Company has not used financial instruments to manage its exposure to these risks.

Credit risk

Credit risk arises on the Company's principal financial assets, which are cash at bank 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. 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 has no significant exposure to liquidity risk, as the financial liabilities of the Company are amounts owed to group undertakings. In order to maintain liquidity to ensure sufficient funds are available for ongoing operations and future developments, which is particularly important given the ongoing economic crisis, the Company benefits from access to both short-term liquidity and longer-term financing support from the ENGIE group.

Within the UK & Ireland Business Unit ("UK BU"), of which the Company is a part, management has also explored alternative sources of liquidity including increased overdraft facilities from UK banks, the implementation of a Revolving Credit Facility and UK Government support offered via the COVID Corporate Financing Facility. However, despite such arrangements being readily available, this review has concluded that the ENGIE group financing is currently the most economical and rational solution for the Company. The Directors do not anticipate any issues in accessing necessary liquidity for the foreseeable future. The situation is, of course, under continual review.

ENGIE ENERGY SERVICES UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

GOING CONCERN

Given the current health and economic crisis which has evolved since the financial year end, the Directors have paid close attention to the Company's ability to continue to adopt the going concern basis of preparation for these financial statements.

The Directors remain confident that both short-term liquidity and longer-term financing support is readily available from the ENGIE group (which has a BBB+ credit rating from Standard & Poor's), should this be required, and the Company has no reliance on external third-party debt. Further, the UK business has been offered or could obtain several financial support arrangements from the banking industry and although these are currently deemed unnecessary, this helps support the conclusion that no financing issues are currently foreseen. The Directors are therefore 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, they have continued to adopt the going concern basis in preparing the financial statements.

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of that information.

POST BALANCE SHEET EVENTS

Since the year end, the world has and is continuing to face the COVID-19 pandemic on an unprecedented scale, which is resulting in a health and economic crisis and both the Company and the ENGIE group are taking numerous actions to help weather the storm. The Company's and the ENGIE group's top priority is clearly the health and safety of all its stakeholders, especially its employees.

The Company and the ENGIE group have no experience of a similar crisis and it is difficult to predict the full extent that coronavirus will have on activities. However, the Company has a strong statement of financial position and furthermore, is confident it has the financial support of the ENGIE group in relation to both short-term liquidity and longer-term financing solutions to help overcome any financial challenges that may arise. The situation is, of course, under continual review.

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 28 September 2020 and signed on its behalf.

Andrew Pollins

A Pollins
Director

ENGIE ENERGY SERVICES UK LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 ENGIE ENERGY SERVICES UK LIMITED

Opinion

We have audited the financial statements of ENGIE Energy Services UK Limited (the 'company') for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 15, 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 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.

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.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 14 of the financial statements, which describes the potential financial and operational impact the company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGIE ENERGY SERVICES UK LIMITED (CONTINUED)

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
- the directors were not entitled to 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGIE ENERGY SERVICES UK LIMITED (CONTINUED)

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 W

Caroline Mulley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
2 October 2020

ENGIE ENERGY SERVICES UK LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Note | 2019 £000 | 2018 £000 |
|--|------|--------------|--------------|
| Turnover | 3 | - | 4 |
| Cost of sales | | - | 16 |
| Gross profit | | - | 20 |
| Administrative expenses | | (4) | (4) |
| Operating (loss)/profit | 4 | (4) | 16 |
| Interest receivable and similar income | 6 | 26 | 20 |
| Profit before tax | | 22 | 36 |
| Tax on profit | 7 | (4) | (7) |
| Profit for the financial year | | 18 | 29 |

There were no recognised gains and losses for 2019 or 2018 other than those included in the income statement and therefore no statement of comprehensive income has been presented.

The notes on pages 10 to 18 form part of these financial statements.

ENGIE ENERGY SERVICES UK LIMITED
REGISTERED NUMBER: 02665215

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

| | Note | 2019 £000 | 2018 £000 |
|--|------|---------------|---------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 8 | 15,339 | 15,426 |
| Cash at bank and in hand | | 1,709 | 1,670 |
| | | <u>17,048</u> | <u>17,096</u> |
| Creditors: amounts falling due within one year | 9 | (1,477) | (1,543) |
| Net current assets | | <u>15,571</u> | <u>15,553</u> |
| Total assets less current liabilities | | <u>15,571</u> | <u>15,553</u> |
| Net assets | | <u>15,571</u> | <u>15,553</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | 10,211 | 10,211 |
| Share premium account | 13 | 50 | 50 |
| Profit and loss account | 13 | 5,310 | 5,292 |
| Total equity | | <u>15,571</u> | <u>15,553</u> |

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 28 September 2020.

Andrew Pollins

A Pollins
 Director

The notes on pages 10 to 18 form part of these financial statements.

ENGIE ENERGY SERVICES UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Called up share capital £000 | Share premium account £000 | Profit and loss account £000 | Total equity £000 |
|--|---------------------------------------|-------------------------------------|---------------------------------------|----------------------|
| At 1 January 2018 | 10,211 | 50 | 5,263 | 15,524 |
| Comprehensive income for the year | | | | |
| Profit for the financial year | - | - | 29 | 29 |
| Total comprehensive income for the year | - | - | 29 | 29 |
| At 1 January 2019 | 10,211 | 50 | 5,292 | 15,553 |
| Comprehensive income for the year | | | | |
| Profit for the financial year | - | - | 18 | 18 |
| Total comprehensive income for the year | - | - | 18 | 18 |
| At 31 December 2019 | 10,211 | 50 | 5,310 | 15,571 |

The notes on pages 10 to 18 form part of these financial statements.

ENGIE ENERGY SERVICES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. GENERAL INFORMATION

The financial statements of ENGIE Energy Services UK Limited for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 28 September 2020 and the statement of financial position was signed on the Board's behalf by A Pollins.

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, 1 Place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris La Défense, 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. However, there are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

The following principal accounting policies have been applied:

ENGIE ENERGY SERVICES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. ACCOUNTING POLICIES (CONTINUED)**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 requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- 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

2.3 GOING CONCERN

Given the current health and economic crisis which has evolved since the financial year end, the Directors have paid close attention to the Company's ability to continue to adopt the going concern basis of preparation for these financial statements.

The Directors remain confident that both short-term liquidity and longer-term financing support is readily available from the ENGIE group (which has a BBB+ credit rating from Standard & Poor's), should this be required, and the Company has no reliance on external third-party debt. Further, the UK business has been offered or could obtain several financial support arrangements from the banking industry and although these are currently deemed unnecessary, this helps support the conclusion that no financing issues are currently foreseen. The Directors are therefore 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, they have continued to adopt the going concern basis in preparing the financial statements.

2.4 REVENUE

The Company recognises revenue when performance obligations have been satisfied and for the Company this is when the services have transferred to the customer and the customer has control of these.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

ENGIE ENERGY SERVICES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. ACCOUNTING POLICIES (CONTINUED)**2.5 INTEREST INCOME**

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

2.6 TAXATION

The tax for the year comprises current and deferred tax. Tax is recognised in the income statement, except that an expense 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.

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.

2.7 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.

2.8 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.

2.9 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.

ENGIE ENERGY SERVICES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. ACCOUNTING POLICIES (CONTINUED)**2.10 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 and financial liabilities are initially measured at fair value in accordance with IFRS 9.

Financial assets

All recognised financial assets are subsequently measured in their entirety at amortised cost.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For receivables, the Company requires expected lifetime losses to be recognised from initial recognition of the receivables. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities**At amortised cost**

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

3. TURNOVER

All turnover arose within the United Kingdom from the Company's principal activity, which was the provision of long-term contracts for energy management services to the public sector under the government's Private Finance Initiative ("PFI").

ENGIE ENERGY SERVICES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. OPERATING (LOSS)/PROFIT

The Company has no employees (2018: none). All Directors' remuneration is paid by fellow group undertakings in respect of their services to group companies. The Directors' services to the Company do not occupy a significant amount of time and consequently no allocation can be made to the Company for qualifying services for the year (2018: £nil).

5. AUDITOR'S REMUNERATION

| | 2019 | 2018 |
|--|-------------|-------------|
| | £000 | £000 |
| Fees payable to the Company's auditor for the audit of the Company's annual financial statements | <u>4</u> | <u>4</u> |

6. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2019 | 2018 |
|---|-------------|-------------|
| | £000 | £000 |
| Interest receivable from group undertakings | <u>26</u> | <u>20</u> |

ENGIE ENERGY SERVICES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. TAXATION

| | 2019 £000 | 2018 £000 |
|------------------------------------|--------------|--------------|
| CORPORATION TAX | | |
| Current tax on profit for the year | 4 | 7 |
| TOTAL CURRENT TAX | <u>4</u> | <u>7</u> |

FACTORS AFFECTING TAX EXPENSE FOR THE YEAR

The tax assessed for the year is the same as (2018: *the same as*) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) as set out below:

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Profit before tax | <u>22</u> | <u>36</u> |
| Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) | 4 | 7 |
| TOTAL TAX EXPENSE FOR THE YEAR | <u>4</u> | <u>7</u> |

FACTORS THAT MAY AFFECT FUTURE TAX EXPENSES

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Act 2016 (on 6 September 2016). This included a reduction to the main rate to 17% from 1 April 2020.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements and deferred taxes have therefore been measured at the rate of 17% that was substantively enacted at the year end.

It is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would not be material to these financial statements.

ENGIE ENERGY SERVICES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. DEBTORS

| | 2019 | 2018 |
|------------------------------------|---------------|---------------|
| | £000 | £000 |
| Amounts owed by group undertakings | 15,338 | 15,425 |
| Deferred taxation | 1 | 1 |
| | <u>15,339</u> | <u>15,426</u> |

Included in amounts owed by group undertakings is a balance of £3,812,000 (2018: £3,786,000) held in a group cash pool arrangement, which is available on demand.

9. CREDITORS: Amounts falling due within one year

| | 2019 | 2018 |
|--|--------------|--------------|
| | £000 | £000 |
| Trade creditors | 3 | - |
| Amounts owed to group undertakings | 603 | 380 |
| Group relief payable to group undertakings | 871 | 1,163 |
| | <u>1,477</u> | <u>1,543</u> |

Amounts owed to group undertakings are unsecured and interest free.

10. FINANCIAL INSTRUMENTS

| | 2019 | 2018 |
|--|----------------|----------------|
| | £000 | £000 |
| FINANCIAL ASSETS | | |
| Financial assets measured at amortised cost | <u>17,047</u> | <u>17,095</u> |
| FINANCIAL LIABILITIES | | |
| Financial liabilities measured at amortised cost | <u>(1,477)</u> | <u>(1,543)</u> |

Financial assets measured at amortised cost comprise cash and cash equivalents and amounts owed by group undertakings.

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

ENGIE ENERGY SERVICES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. DEFERRED TAXATION

| | 2019 | 2018 |
|-----------------------|-------------|-------------|
| | £000 | £000 |
| At beginning of year | 1 | 1 |
| AT END OF YEAR | 1 | 1 |

The deferred tax asset is made up as follows:

| | 2019 | 2018 |
|-------------------------------|-------------|-------------|
| | £000 | £000 |
| Short-term timing differences | 1 | 1 |

12. CALLED UP SHARE CAPITAL

| | 2019 | 2018 |
|---|---------------|---------------|
| | £000 | £000 |
| Allotted, called up and fully paid | | |
| 10,211,002 (2018: 10,211,002) Ordinary shares of £1.00 each | 10,211 | 10,211 |

13. RESERVES

Share premium account

The share premium account relates to the amount above nominal value received for shares issued.

Profit and loss account

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

14. POST BALANCE SHEET EVENTS

Since the year end, the world has and is continuing to face the COVID-19 pandemic on an unprecedented scale, which is resulting in a health and economic crisis and both the Company and the ENGIE group are taking numerous actions to help weather the storm. The Company's and the ENGIE group's top priority is clearly the health and safety of all its stakeholders, especially its employees.

The Company and the ENGIE group have no experience of a similar crisis and it is difficult to predict the full extent that coronavirus will have on activities. However, the Company has a strong statement of financial position and furthermore, is confident it has the financial support of the ENGIE group in relation to both short-term liquidity and longer-term financing solutions to help overcome any financial challenges that may arise. The situation is, of course, under continual review.

ENGIE ENERGY SERVICES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. CONTROLLING PARTY

The immediate parent company of ENGIE Energy Services UK Limited is Cofathec Energy Services Limited, a company registered in England and Wales. The Directors regard ENGIE S.A. as the ultimate parent company and controlling party of ENGIE Energy Services UK 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 ENGIE, 1 Place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris La Défense, France.