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# ENGIE Supply Holding UK Limited

Registered Number: 02706333

## Reports and Financial Statements

31 December 2018

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**Directors**

W J Petrie  
S D Pinnell  
K A Dibble  
N E Lovett

**Secretary**

S Gregory

**Auditor**

Ernst & Young LLP  
20 Chapel Street  
Liverpool  
L3 9AG

**Bankers**

Barclays Bank PLC  
50 Pall Mall  
London  
SW1A 1QF

**Registered Office**

No 1 Leeds  
26 Whitehall Road  
Leeds  
LS12 1BE

## Directors' Report

The directors present their report and the company financial statements for the year ended 31 December 2018.

### Principal activity

The principal activity of the company is that of a holding company.

### Results and dividends

The results for the year, after taxation, amounted to a profit of £51,000 (2017: £8,054,000) a decrease in the year due to the level of dividend receipts. During the year the company neither made, declared or paid any dividends. Of the results for the year, all is attributable to the members of the company.

Dividends are recognised in the accounts in the year in which they are paid, or in the case of a final dividend when approved by the shareholders.

### Post Balance Sheet Events

There have been no Post Balance Sheet Events to report in the period.

### Going concern

The directors have considered the going concern basis and concluded that it is appropriate. In performing this assessment, the directors have considered the forecasts for the company and its subsidiaries, together with the balance sheet strength of the company which includes an intercompany cash sweep holding of £33,392,000.

### Directors

The directors who served during the year ended 31 December 2018 and subsequently were:

K A Dibble (appointed 1 January 2018)

N E Lovett (appointed 1 January 2018)

S D Pinnell

W J Petrie

P E Rawson (resigned 9 January 2018)

### Directors' and officers' liability insurance

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

### Employees

The company has no employees. Activities of the company are performed by employees of its subsidiary company ENGIE Power Limited and the costs of such activities are not recharged to ENGIE Supply Holding UK Limited. These arrangements were in place in the previous reporting year.

## Directors' Report (continued)

### Auditor

Ernst & Young LLP was appointed as the company's statutory auditor for 2018. The auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

### Directors' statement as to disclosure of information to the auditor

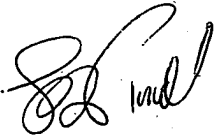
The directors who were members of the board at the time of approving the directors' report are listed on page 2.

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By order of the Board,



S D Pinnell  
Director  
5 July 2019

## **Directors' Responsibilities Statement**

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Strategic Report**

The directors present their Strategic Report for the year ended 31 December 2018.

### **Business Review**

ENGIE Supply Holding UK Limited's main activity is that of a holding company for six companies (see note 9). The three trading subsidiaries of ENGIE Supply Holding UK Limited, being ENGIE Power Limited, ENGIE Gas Limited and ENGIE Gas Shipper Limited, supply Gas and Electricity to industrial and commercial end-users.

The combined business trades in the UK B2B energy market as ENGIE. In 2017 the company began trading in the Home Energy market – to date it has acquired 75,000 new homes energy customers with the view to increasing its market share in the coming years. ENGIE aims to operate a friendly, customer-focused service, with a transparent approach to building commercial relationships that last. The business offers a portfolio of gas and electricity products suitable for all businesses, large and small.

The results for the year, after taxation, amounted to a profit of £51,000 (2017: £8,054,000) a decrease in the year due to the dividend receipts. The company has not traded in the period.

During the year the company's investments have performed well despite trading in a very competitive market place. In particular, ENGIE Power has seen revenues increased by over 15.0%, whilst being underpinned by a strong cash position of over £123.4 million. The growth in revenue seen within the retail supply business has been underpinned by a strong performance in both the Industrial and Commercial, and SME market places.

The portfolio of customers remains strong and provides a firm foundation for the forthcoming year.

The net assets of the company at the end of 2018 were £53,455,000 (2017: £53,404,000). The year on year movement on net assets was due to the profits for the year.

### **Future Developments**

Based on the results achieved this year, the directors are confident that the future prospects of the business are good.

The business is constantly developing the services and products to meet the changing needs of our customers and the evolving energy environment.

## Strategic Report (continued)

### Principal Risks and Uncertainties

The key risks are to the performance of the combined ENGIE Supply Holding UK Limited's subsidiary companies. The principal risks of the subsidiary companies are energy price volatility, credit risk, non-performance of information systems, political or regulatory change, reputation risk, business disruption, and non-compliance.

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

Credit risk is attributable to trade debtors and accrued income. The risk is controlled by review of customer creditworthiness and is mitigated through the use of credit insurance, customer prepayments, letters of credit and customer deposits.

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

There is a business continuity plan ready to be implemented in response to a critical business event.

There is a defined process relating to recruitment, selection and appraisal and seeks to invest in the future of employees by ensuring their development needs are identified through a personal development plan. Succession planning is in place identifying where our areas of risk exist and how we would bridge roles at risk

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

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

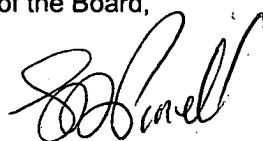
## Strategic Report (continued)

### Principal Risks and Uncertainties (continued)

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

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

By order of the Board,



S D Pinnell

Director

5 July 2019



## **Independent Auditor's Report**

**to the members of ENGIE Supply Holding UK Limited**

### **Opinion**

We have audited the financial statements of ENGIE Supply Holding UK Limited for the year ended 31 December 2018 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent Auditor's Report (continued)**

### **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 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## **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.



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

**Profit and Loss Account**  
for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Administration expenses	3	(3)	(1)
<b>Operating loss</b>		<b>(3)</b>	<b>(1)</b>
Interest receivable and similar income	6	66	63
Other operating income	8	-	8,000
<b>Profit before taxation</b>		<b>63</b>	<b>8,062</b>
Tax charge	7	(12)	(8)
<b>Profit for the financial year</b>		<b>51</b>	<b>8,054</b>

All amounts relate to continuing activities.

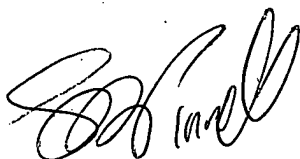
**Statement of Comprehensive Income**  
at 31 December 2018

There was no other comprehensive income attributable to the shareholders of the company other than the profit for the year ended 31 December 2018 of £51,000 (2017: £8,054,000).

**Balance Sheet**  
at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Investments in subsidiaries	9	4,604	4,604
		<u>4,604</u>	<u>4,604</u>
<b>Current assets</b>			
Debtors due within one year	10	41,108	44,416
Intercompany Cash Sweep		33,392	32,514
		<u>74,500</u>	<u>76,930</u>
<b>Total current assets</b>			
<b>Current liabilities</b>			
Creditors due within one year	11	25,625	28,114
Current tax liability		24	16
		<u>25,649</u>	<u>28,130</u>
<b>Total liabilities</b>			
		<u>48,851</u>	<u>48,800</u>
<b>NET CURRENT ASSETS</b>			
		<u>53,455</u>	<u>53,404</u>
<b>Total assets less current liabilities</b>			
<b>NET ASSETS</b>			
		<u>53,455</u>	<u>53,404</u>
<b>Capital and reserves</b>			
Called up share capital	12	51,901	51,901
Profit and loss account	13	1,554	1,503
		<u>53,455</u>	<u>53,404</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>			

The financial statements with a registration number of 02706333 were approved by the board of directors and authorised for issue on 17 June 2019. They were signed on its behalf by:



S D Pinnell  
Director  
5 July 2019

## Statement of Changes in Equity

for the year ended 31 December 2018

	Share capital (note 12) £'000	Profit and loss account £'000	Total £'000
At 1 January 2017	51,901	1,449	53,350
Total comprehensive profit for the year	-	8,054	8,054
Dividend paid (note 8)	-	(8,000)	(8,000)
At 31 December 2017	51,901	1,503	53,404
Total comprehensive profit for the year	-	51	51
Dividend paid (note 8)	-	-	-
At 31 December 2018	51,901	1,554	53,455

# Notes to the Financial Statements

at 31 December 2018

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

The financial statements of ENGIE Supply Holding UK Limited (the 'company') for the year ended 31 December 2018 were authorised for issue by the board of the directors on 17 June 2019 and the balance sheet was signed on the board's behalf. ENGIE Supply Holding UK Limited is a private limited company incorporated and domiciled in England & Wales.

### Basis of Preparation

The financial statements have been prepared in accordance with FRS101 "Reduced Disclosure Framework" and interpretations in force at the reporting date.

### New and Revised IFRSs applied

#### IFRS 9 – Financial Instruments recognition and measurement (effective date 1 January 2018)

The company has applied IFRS 9 "Financial Instruments" (effective date 1 January 2018) retrospectively with an initial application date of 1 January 2017. IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities as well as the impairment of financial assets.

#### Impairment of Financial Assets

IFRS 9 requires an expected credit loss (ECL) model to be applied to financial assets rather than the incurred credit losses model required under IAS 39. The expected credit loss model requires the company to account for expected losses as a result of credit risk on initial recognition of financial assets and to recognise changes in those expected credit losses at each reporting date.

The Company has applied IFRS 9 retrospectively, with an initial application date of 1 January 2017. Management have completed an exercise for the ENGIE Group, which has not identified any significant differences. A separate exercise has been performed from a statutory perspective in order to assess any expected credit losses in respect of the intercompany receivables, and this has concluded that any expected credit loss would be immaterial for both the current year and prior year; and therefore no adjustments have been made in relation to this new accounting standard.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2012 the company underwent transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

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

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because:
  - (i) the share based payment arrangement concerns the instruments of another group entity;
- (b) the requirements of IFRS 7 Financial Instruments: Disclosures
- (d) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
- (e) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (f) the requirements of IAS 7 Statement of Cash Flows;
- (g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

## Notes to the Financial Statements (Continued)

### 1. Basis of Preparation (continued)

(h) 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.; and

(i) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the group accounts of ENGIE SA. The group accounts of ENGIE SA are available to the public and can be obtained as set out in note 14.

The principal accounting policies adopted by the company are set out in note 2.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

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

The company is a subsidiary of its ultimate parent ENGIE SA. It is included within the consolidated financial statements of ENGIE SA which are publicly available and is therefore exempt from the requirement to prepare consolidated accounts.

#### Going concern

The directors have considered the going concern basis and concluded that it is appropriate. In performing this assessment, the directors have considered the forecasts for the company and its subsidiaries, together with the balance sheet strength of the company which includes cash and short-term deposits of £33,392,000.

### 2. Accounting Policies

#### Critical Accounting judgements and key sources of estimation uncertainty

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

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

#### *Key sources of estimation uncertainty*

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

#### *Taxation*

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



## Notes to the Financial Statements (Continued)

### 2. Accounting Policies (continued)

#### Critical Accounting judgements and key sources of estimation uncertainty (continued)

##### *Intercompany Receivables – Expected Credit Losses*

For receivables from fellow group and subsidiary companies, expected credit losses are calculated in accordance with the simplified approach permitted by IFRS9, using a provision matrix applying historical credit loss experience to these intercompany receivables. The expected credit loss rate varies depending on whether and the extent to which settlement of the intercompany receivables is overdue and it is also adjusted as appropriate to reflect current economic conditions. The key drivers of the loss rate are the nature of the business unit and the type of receivable in question.

When an intercompany receivable is determined to have no reasonable expectation of recovery it is written off, firstly against any expected credit allowance available and then to the income statement.

Subsequent recoveries of amounts previously provided for or written off are credited to the income statement. Long term receivables are discounted where the effect is material.

As at 31 December 2018, the company recognised intercompany receivables of £41,108,000 (2017: £44,416,000), and having undertaken an assessment, management have concluded that any expected credit loss would be immaterial for both the current year and prior year; and therefore, no adjustments have been made in relation to recognise an expected credit loss provision.

#### Significant accounting policies

##### Financial Assets

###### *Initial recognition and measurement*

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

###### *Loans and receivables*

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

###### *Effective interest method*

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

Income is recognised on an effective interest basis for debt instruments

###### *De-recognition of financial assets*

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

## Notes to the Financial Statements (Continued)

### 2. Accounting Policies (continued)

#### Significant accounting policies (continued)

##### *Impairment of financial assets*

IFRS 9 requires an expected credit loss (ECL) model to be applied to the financial assets rather than the incurred credit loss model required under IAS 39. The expected credit loss model requires the company to account for expected losses as a result of credit risk on initial recognition of financial assets and to recognise changes in those expected credit losses at each reporting date.

##### *Impairment of non-financial assets*

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the profit and loss account in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the profit and loss account.

Management consider the impairment of non-financial assets to be a critical accounting judgement.

#### Financial Liabilities

##### *Initial recognition and measurement*

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

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

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

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

##### *Interest bearing loans and borrowings*

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

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

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

## Notes to the Financial Statements (Continued)

### 2. Accounting Policies (continued)

#### Significant accounting policies (continued)

##### *De-recognition of financial liabilities*

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

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

##### **Cash at bank and in hand**

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

##### **Income taxes**

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

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

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

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

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

##### **Interest income**

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

##### **Investments in subsidiaries**

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

##### **Dividends paid**

Dividends are recognised in the accounts in the year in which they are paid, or in the case of a final dividend when approved by the shareholders.

## Notes to the Financial Statements (Continued)

### 3. Operating Loss

The operating loss is stated after charging:

Fees payable to the auditor and their associates for the audit of the company's annual accounts were £1,040 (2017: £1,018). Fees are paid on the company's behalf by a group undertaking.

There were no fees payable to the auditor for non-audit services (2017: Nil).

### 4. Staff costs

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

This arrangement was in place for the previous financial year

### 5. Director's Remuneration

No remuneration was paid by ENGIE Supply Holding UK Limited to directors during the years ended 31 December 2018 and 31 December 2017 in respect of services to the company. Directors who perform services for the company are employed by other group companies and their costs are not recharged to the company.

### 6. Interest receivable and similar income

	2018 £'000	2017 £'000
Interest receivable on deposits with group undertakings	66	63
	<u>66</u>	<u>63</u>

## Notes to the Financial Statements (Continued)

### 7. Tax on profit on ordinary activities

	2018 £'000	2017 £'000
Tax Charge		
<b>Current Income Tax:</b>		
UK corporation tax on profits of the year	12	12
Group relief payable	-	(4)
	<u>12</u>	<u>8</u>
Total Current Income Tax	12	8
<b>Deferred Tax:</b>		
Deferred income tax relating to the origination and reversal of temporary differences	-	-
	<u>-</u>	<u>-</u>
<b>Tax charge in the profit and loss account</b>	<u>12</u>	<u>8</u>
	<u><u>12</u></u>	<u><u>8</u></u>
Reconciliation of tax charge		
	2018 £'000	2017 £'000
<b>Profit before tax</b>	<u>63</u>	<u>8,062</u>
Profit multiplied by standard rate of corporation tax 19% (2017: 19.25%)	12	1,551
Adjustments in respect of prior periods – current tax	-	(4)
Tax effect of non-deductible or non-taxable items	-	(1,539)
	<u>-</u>	<u>(1,539)</u>
<b>Tax charge in the profit and loss account</b>	<u>12</u>	<u>8</u>
	<u><u>12</u></u>	<u><u>8</u></u>

#### Factors that may affect future current and total tax charges

The Finance Act 2017 included provisions to reduce the rate of UK corporation tax to 17% with effect from 1 April 2020. Deferred taxation is measured at tax rates that are expected to apply in the periods in which temporary timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Accordingly, the rate used to calculate deferred tax assets and liabilities is the effective rate at the date the deferred tax is expected to be realised.

## Notes to the Financial Statements (Continued)

### 8. Dividends

	2018 £'000	2017 £'000
Dividend received from subsidiary (2017: 15p per share).	-	8,000
	-	8,000
Amounts recognised as distributions to equity shareholders in the period:		
Final dividend for the year ended 31 December 2016 declared on 13/06/2017 and paid on 14/06/2017	-	8,000

### 9. Investments in subsidiaries

Shares in subsidiary undertakings	Total £'000
<b>Cost</b>	
At 1 January 2018 and 1 January 2017	4,604
<b>31 December 2018 and 31 December 2018</b>	<b>4,604</b>

The company's subsidiary undertakings at 31 December 2018 are listed below:

<i>Held directly</i>	<i>Country of registered office</i>	<i>Class of shares held</i>	<i>Proportion held by the company</i>
ENGIE Gas Shipper Limited <sup>(1)</sup>	England <sup>(7)</sup>	Ordinary	100%
ENGIE Gas Limited <sup>(2)</sup>	England <sup>(7)</sup>	Ordinary	100%
ENGIE Power Limited <sup>(2)</sup>	England <sup>(7)</sup>	Ordinary	100%
ENGIE Home Limited <sup>(3)</sup>	England <sup>(7)</sup>	Ordinary	100%
Engie Shotton Limited <sup>(4)</sup>	England <sup>(8)</sup>	Ordinary	100%
International Power Retail Supply Company (UK) Limited <sup>(5)</sup>	England <sup>(7)</sup>	Ordinary	100%
 <i>Held Indirectly</i>			
	<i>Country of registered office</i>	<i>Class of shares held</i>	<i>Proportion held indirectly by the company</i>
IPM Energy Retail Limited <sup>(6)</sup>	England <sup>(7)</sup>	Ordinary	100%

## Notes to the Financial Statements (Continued)

### 9. Investments in subsidiaries (continued)

- (1) The principal activity is as an agent in the purchase and management of gas distribution costs for Engie Gas Limited
- (2) The principal activities of these two subsidiaries are the purchase, supply and management of natural gas and electricity to industrial, commercial, and domestic customers.
- (3) The subsidiary is dormant.
- (4) The principal activity of the subsidiary was the generation of electricity, operations ceased during 2012.
- (5) The subsidiary is a holding company.
- (6) The subsidiary is wholly owned by International Power Retail Supply Company (UK) Limited. The principal activity of the company was the generation of electricity, operations ceased during 2012.
- (7) The registered office is No. 1 Leeds, 26 Whitehall Road, Leeds, LS12 1BE
- (8) The registered office is Level 20 25 Canada Square, London, E14 5LQ

### 10. Debtors due within one year

	2018 £'000	2017 £'000
Amounts owed by subsidiary undertakings	41,108	44,416
	<u>41,108</u>	<u>44,416</u>

The book value of these assets equates to their fair values.

### 11. Creditors due within one year

	2018 £'000	2017 £'000
Amounts owed to subsidiary undertakings	2,735	2,393
Other tax and social security creditors	22,889	25,720
Accruals and Deferred Income	1	1
	<u>25,625</u>	<u>28,114</u>

The book value of these liabilities equates to their fair values.

## Notes to the Financial Statements (Continued)

### 12. Share capital

	2018 £'000	2017 £'000
<i>Authorised</i>		
52,500,000 ordinary shares of £1 each	52,500	52,500
<i>Called up, allotted and fully paid</i>		
51,900,792 ordinary shares of £1 each	51,901	51,901

### 13. Reserves

#### Issued share capital

Issued share capital represents the nominal value of shares that have been issued.

#### Profit and loss account

The profit and loss account includes all current and prior period realised and retained profits and losses.

### 14. Controlling party

The company's immediate parent undertaking is Stopper Finance BV, a company registered in The Netherlands and a subsidiary undertaking of ENGIE SA. The accounts of ENGIE Supply Holding UK Limited are consolidated within the Financial Statements of ENGIE SA which is the smallest and largest set of consolidated accounts to include this entity.

The ultimate controlling parent undertaking of the group of undertakings for which group financial statements are drawn up, and of which the company is a member, is ENGIE SA, a company registered in France. Copies of ENGIE SA's group financial statements can be obtained from ENGIE SA, Tour T1, 1 place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris La Défense, France.