Rugeley Power Limited

Company Number: 04212554

Annual Report and Financial Statements

for the year ended 31 December 2019

Rugeley Power Limited
Registered No. 04212554

Annual Report and Financial Statements

for the year ended 31 December 2019

Contents

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Registered No. 04212554

Annual Report and Financial Statements

for the year ended 31 December 2019

Officers and professional advisers

Directors

Mr D Alcock
Mr N Carter
Mr C Macpherson
Mr A Pollins

Company Secretary

Ms S.J. Gregory

Auditor

Ernst & Young LLP
Chartered Accountants and Statutory Auditors
2 St. Peter's Square
Manchester
M2 3EY
United Kingdom

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Registered Office

Level 20
25 Canada Square
London
E14 5LQ
United Kingdom

Rugeley Power Limited
Registered No. 04212554

Strategic Report

for the year ended 31 December 2019

The Directors present the Strategic Report of Rugeley Power Limited (the "Company"), together with the financial statements and auditor's report for the financial year ended 31 December 2019.

This Strategic Report has been prepared in accordance with the requirements of Section 414(C) of the Companies Act 2006. Its purpose is to inform shareholders and help them to assess how the Directors have performed their duty to promote the success of the Company.

Principal activity

The Company owns a decommissioned coal-fired power station located in Rugeley, Staffordshire. It was commissioned in 1970 and had a total capacity of 1,050 MW, which included two 25 MW open cycle gas-oil fuelled turbines. Since the closure of the station in June 2016, the principal activity of the company is the decommissioning and demolition of the power plant along with the redevelopment of the land for residential and commercial use.

Business review

The Board has not set any financial KPI's for the financial year under review following the decision by the Board to cease power generation in June 2016.

During the financial year, the Decommissioning Project team were actively engaged in the decommissioning and demolition of the plant. Work was undertaken using a specialist demolition contractor and is progressing as planned and is currently not expected to conclude until Q3 2021.

At the same time, the Management continued progressing with their plans to re-develop the land at Rugeley for residential, commercial and other related purposes. Development expenditure therefore continued to be incurred by Rugeley during the financial year for initial planning consultation, feasibility studies and subsequent marketing of the land development opportunities. After having reviewed a number of development opportunities, a full outline planning application was submitted to and registered by both Lichfield District Council and Cannock Chase District Council. On the 15 January 2020, at a meeting of elected Councillors, it was voted to approve the application subject to conditions and subject to securing a range of fulfilment conditions.

Results and dividends

The results of the Company are as follows:

	31 December 2019 £'000	31 December 2018 £'000 Restated
Profit for the financial year	£2,205	£(1,076)

The results of the Company are set out in the Income Statement on page 11 and show a loss for the financial year before taxation of £1,269,000 in the financial year (2018: restated loss of £1,076,000) and a profit for the financial year after taxation of £2,205,000 (2018: restated loss of £1,076,000).

The comparative information is restated on account of correction of errors, as outlined in Note 17.

The net assets of the Company at the end of 2019 were £15,216,000 (2018: net assets of £13,011,000 following restatement, as outlined in Note 17).

The year-on-year movement on net assets was due to the profit in the financial year.

The Company does not have distributable reserves. No dividend is proposed for the current financial year (2018: £nil).

Strategic Report (continued)

for the year ended 31 December 2019

Financial risk management policies and objectives

The Company finances its decommissioning activities from its adequate reserves of cash. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Company's operating activities. The Company's financial instruments, therefore, give rise primarily to liquidity risk, credit risk, restoration liabilities risk and health and safety risk. Information on how these risks arise along with the objectives, policies, and processes for their management are set out below.

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting its obligations associated with its financial liabilities as they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors, who receive updates on the Company's liquidity position and act accordingly to ensure that the Company's liquidity risk is managed by maintaining adequate cash reserves.

This risk is managed through day-to-day monitoring of future cash flow requirements to ensure that the Company has sufficient resources to repay all future amounts outstanding. At the balance sheet date, the Company held £18.5m in cash reserves to cover such future obligations. The forecast, taking account of reasonably possible changes to the decommissioning and restoration programme, shows that the Company may not have sufficient cash reserves to cover all of its liabilities as they fall due for a period of 12 months from the date of signing the 2019 financial statements. However, the ENGIE group takes its environmental obligations seriously and it intends to remediate the land. Therefore, the Directors believe that suitable funding will be made available to the Company by the ENGIE group to meet its obligations during this period and to allow remediation of the land for future development.

The Directors have received a letter of support from ENGIE S.A. and have considered the ability of ENGIE S.A. to provide the required financial support to the Company and have satisfied themselves that ENGIE S.A. is able to provide support for a period of the earlier of not less than twelve months from the approval of these financial statements or should the on-going Strategic Review result in the Company no longer being part of the ENGIE group, until the Company no longer remains part of the ENGIE group, so the risk is deemed to be acceptable (refer to the Directors' Report).

Credit risk

The Company manages credit exposure to counterparties by establishing clearly defined limits, policies and procedures.

The Company's largest receivables balance relates to its treasury activities, though the Company's financial counterparty credit exposure is limited to the cash pooling arrangements it has in place with another ENGIE S.A. group company - ENGIE Treasury Management SCRL. Amounts placed on deposit within the cash pooling arrangement are repayable on demand.

This results in a concentration of risk with ENGIE Treasury Management SCRL, but the Company continually reviews its receivable position and the credit risk associated with this position. The Directors believe that payment default remains a low risk given the strong credit rating of the parent company ENGIE S.A. and have assessed this exposure as acceptable.

Decommissioning and restoration liabilities risk

An obligation to incur restoration costs arises when environmental disturbances occur on the commencement of site operations.

The cost of the decommissioning liabilities included within the 'Decommissioning provision' in Note 15 to the accounts is based on the expected costs outlined within the demolition contract based on a contract entered into with a specialist demolition contractor in 2017 and internally incurred or third-party contractor costs during decommissioning and demolition. The demolition project is expected to complete by the end of Q3 2021 and the provision will, therefore, be utilised over this period.

Strategic Report (continued)
for the year ended 31 December 2019

Financial risk management policies and objectives (continued)

Decommissioning and restoration liabilities risk (continued)
The restoration provision relates to the restoration of the land on which the Power Station is situated. Costs within the provision include the expected cost of restoring the land based on an estimate provided by an industry specialist, internally incurred or third-party contractor quotations. The land restoration project is expected to be completed in 2023 and the provision for this is expected to be utilised over this period. The Directors are confident that adequate cash reserves have been retained within the business and funding will be made available by ENGIE group to complete all of the entity's restoration obligations.

Health & safety risk
The Company is currently engaged in the demolition of the power station which ceased power generation in June 2016 and this activity, if not appropriately assessed and managed, may pose a health and safety risk to those involved in the demolition process.

To mitigate this risk, Management continually reviews the procedures in place so as to minimise the number of health and safety incidents which may occur and to increase the standards of environmental safety and protection. A specialist demolition contractor with the required experience and qualifications has been appointed to undertake the demolition process.

The Board oversees and promotes the importance of health and safety in the business and regular feedback is provided by the management team to the Board of Directors on all outstanding issues in a timely manner so that appropriate action is taken. Health and safety training is provided to employees on an ongoing basis to ensure awareness of safety issues.

Employees

Details of the number of employees can be found in Note 5 of the financial statements.

Events after the end of the reporting period

There have been no significant events since the balance sheet date, other than those outlined in Note 20, which should be considered for a proper understanding of these financial statements.

Future developments

The future objective of the business is to manage and support the ongoing demolition of the power station, following the closure of the power station in June 2016. This activity was on-going in the financial year and is not expected to conclude until Q3 2021. At the same time, the Company submitted a planning application for the redevelopment of the land which the Company owns for residential, commercial and other related purposes. This application was approved on the 15 January 2020.

On the date this report was approved, the Directors were not aware of any circumstances by which the principal activities of the Company would alter or cease in the foreseeable future.

Approved by the Board on the 30 June 2021 and signed on its behalf by:

DocuSigned by:
Andrew Pollins
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Andrew Pollins

Director

Directors' Report

for the year ended 31 December 2019

The Directors present their Annual Report and the audited financial statements of the Company (registered number 04212554) for the financial year ended 31 December 2019.

Matters included in the Strategic Report

In accordance with s414(C) (11) of the Companies Act, included in the Strategic Report is information relating to the events occurring after the reporting period, future developments and financial risk management objectives and policies which would otherwise be required by Schedule 7 of the 'large and medium-sized companies and groups (accounts and reports) regulation 2008' to be contained in a Directors' Report.

Going concern

Given the nature of the current decommissioning and land restoration activity, and 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. In carrying out their duties in respect of going concern, the Directors have carried out a review of the Company's financial position and cash flow forecast for a period of 12 months from the date of signing these financial statements based on a comprehensive review of income, expenditure, cash flows and specific business risks.

The forecast, taking account of reasonably possible changes to the decommissioning and restoration programme, shows that the Company may not have sufficient cash reserves to cover all of its liabilities as they fall due for a period of 12 months from the date of signing the 2019 financial statements. However, the ENGIE group takes its environmental obligations seriously and it intends to remediate the land. Therefore, the Directors believe that suitable funding will be made available to the Company by the ENGIE group to meet its obligations during this period and to allow remediation of the land for future development.

The Company benefits from access to both short-term liquidity and longer-term financing support from the ENGIE group. For the year ended 31 December 2020, the ENGIE group achieved revenue of €55.8 billion and EBITDA of €9.3 billion. ENGIE S.A. is listed on the Paris stock exchange and is part of the CAC 40 stock market index. As at 8 June 2021, ENGIE S.A. had a market capitalisation of approximately €30 billion. The French state owns about 24% of ENGIE S.A. and controls about 35% of the voting rights.

The ENGIE group has a particularly healthy liquidity position. As at 31 December 2020, ENGIE S.A. announced to the market that it had €23.0 billion of liquidity (net cash plus undrawn credit facilities less outstanding commercial paper) including €13.3 billion of cash.

The ENGIE group centralises virtually all financing needs and cash flow surpluses of the companies it controls, as well as most of its medium and long-term external financing requirements. Centralisation is provided by financing vehicles (long-term and short-term). The ENGIE group operates standardised reporting, forecasting and budgeting financial processes which allows monitoring of the impact of business decisions on financial performance over future time horizons. Further, ENGIE S.A. has a strong credit rating (affirmed as "BBB+ Outlook Stable" by Standard & Poor's on 7 June 2021).

In alignment with the funding arrangements provided by ENGIE to the rest of the UK Business Unit, Group funding can be provided to the Company by way of an agreed negative balance limit (overdraft facility) under the existing cash pooling arrangement between the Company and ENGIE Treasury Management or through longer-term debt provided by a Group lending vehicle (ENGIE CC - registered in Belgium). Alternatively, long-term funding is also available from the ENGIE group in the form of equity. Such funding facilities will be utilised over the next 12 months as and when the Company's liquidity position requires it, however, the Group will not pre-fund the required cash flows many months in advance.

Directors' Report (continued)

for the year ended 31 December 2019

Going concern (continued)

At the date of signing these financial statements, the ENGIE group was undertaking a Strategic Review of part of its Client Solutions business line, of which the Company is a component, which may result in the Company no longer being a part of the ENGIE group and therefore the Directors are unable to control all scenarios for the Company's future, including its funding arrangements.

The Directors have received a letter of support from ENGIE S.A. and have considered the ability of ENGIE S.A. to provide the required financial support to the Company and have satisfied themselves that ENGIE S.A. is able to provide support for a period of the earlier of not less than twelve months from the approval of these financial statements or should the on-going Strategic Review result in the Company no longer being part of the ENGIE group, until the Company no longer remains part of the ENGIE group.

Therefore, the Directors have prepared the financial statements on a going concern basis but acknowledge that the letter of support is conditional on the Company remaining part of the ENGIE group. The unknown outcome of the Strategic Review is, considered a material uncertainty, which may cast doubt about the Company's ability to continue as a going concern. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would be required if the Company were unable to continue as a going concern.

The Directors believe that should the Strategic Review result in a change in ownership of part of the ENGIE group's Client Solutions business line, it will not result in the separate disposal of this Company, and a new owner would secure suitable alternative funding arrangements for the Client Solutions business as part of their acquisition plan, to ensure the business is successful.

Directors

The Directors shown below have held office during the period ended 31 December 2019 or subsequent to the date of this report. The Directors do not have any beneficial interest in the share capital of the Company and in accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.

Mr D Alcock	
Mr N Carter	
Mr C Macpherson	
Mr S Pinnell	(resigned 31 March 2020)
Mr A Pollins	(appointed 1 April 2020)

Company secretary

The Company Secretary who held office during the year was Ms S. J. Gregory.

Directors' and officers' indemnity provisions

During the year ended 31 December 2019, no qualifying indemnity provisions made by the Company or a subsidiary of the Company were in force for the benefit of any Directors.

Directors' Report (continued)

for the year ended 31 December 2019

Share Capital

The Company's share capital comprises ordinary shares of £1 each which rank pari passu with each other in respect of all rights, including dividend, voting, and the return of capital.

Dividends

The Company does not have distributable reserves. Directors do not recommend the payment of a final dividend for the financial year (2018: £nil).

Financial instruments

The Company finances its decommissioning activities from its reserves of cash. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Company's operating activities. The Company's financial instruments, therefore, give rise primarily to liquidity and credit risk.

Information on how these risks arise along with the objectives, policies, and processes for their management are set out in the Strategic Report.

Auditor

Pursuant to Section 485 of the Companies Act 2006, Ernst & Young LLP has been deemed to be appointed as the Company's statutory auditor for the period ended 31 December 2019.

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 above.

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 Section 418 of the Companies Act 2006.

Approved by the Board on the 30 June 2021 and signed on its behalf by:

DocuSigned by:

Andrew Pollins

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Andrew Pollins

Director

Rugeley Power Limited
Registered No. 04212554

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 applicable UK Accounting Standards have 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.

Independent auditor's report

to the members of Rugeley Power Limited

Opinion on financial statements

We have audited the financial statements of Rugeley Power Limited for the year ended 31 December 2019, which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20, 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.

Material uncertainty relating to going concern

We draw your attention to the going concern note 2.1 of the financial statements, which indicate that the Directors have prepared the financial statements on a going concern basis, as they have a parental support letter from ENGIE S.A. forming part of their going concern assessment. That support is conditional on the Company remaining part of the ENGIE Group, however, the ENGIE group has initiated a Strategic Review of part of its Client Solutions business line, of which the Company is a component, which may result in the Company no longer being part of the ENGIE group. As stated in note 2.1, these events or conditions, along with other matters set forth in note 2.1, indicate a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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)

to the members of Rugeley Power Limited

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 the 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 in the Directors' responsibilities statement, set out on page 8, 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)

to the members of Rugeley Power Limited

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

Anne Wong (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor,
Manchester, United Kingdom

30 June 2021

Rugeley Power Limited
Registered No. 04212554

Income Statement
for the year ended 31 December 2019

	Note	2019 £'000 *Discontinued*	2018 £'000 *Discontinued Restated**
Revenue		-	15
Cost of sales		-	(6)
Gross profit		-	9
Operating costs (excluding exceptional income)		(1,088)	(884)
Operating income – exceptional income		-	1,036
Operating (loss)/profit	3	(1,088)	161
Interest receivable and similar income	6	143	164
Interest payable and similar charges	7	(324)	(1,401)
Loss before taxation		(1,269)	(1,076)
Taxation credit on loss	8	3,474	-
Profit/(loss) and total comprehensive income for the financial year		2,205	(1,076)

All realised profits and losses arise as a result of discontinued operations.

The exceptional charges include costs incurred for the decommissioning and demolition of the power plant and restructuring costs incurred in respect of redundancy.

There was no other comprehensive income attributable to the shareholders of the Company other than the profit for the financial period ended 31 December 2019 of £2,205,000 and, therefore, no separate Statement of Comprehensive Income has been prepared.

* The comparative information is restated on account of correction of errors, as outlined in Note 17.

The notes on pages 15 to 33 form an integral part of these financial statements.

Rugeley Power Limited
Registered No. 04212554

Balance sheet
at 31 December 2019

	Note	2019 £'000	2018 £'000 31 December Restated*
Non-current assets			
Property, Plant and Equipment		-	-
Current assets			
Inventories	9	17,534	14,790
Debtors – within one year	11	3,716	787
Intercompany cash pooling account	10	18,482	24,292
Cash at bank and in hand		-	-
Total current assets		**39,732**	**39,869**
Total assets		**39,732**	**39,869**
Current liabilities			
Creditors: amounts falling due within one year	12	(1,004)	(1,161)
Net current assets		**38,728**	**38,708**
Total assets less current liabilities		**38,728**	**38,708**
Creditors: amounts falling due after more than one year			
Provision	15	(23,512)	(25,697)
Net assets		**15,216**	**13,011**
Capital and reserves			
Called up share capital	13	1	1
Share premium account		129,000	129,000
Special reserve		20,439	20,439
Share based payment reserve		1,148	1,148
Retained earnings		(135,372)	(137,577)
EQUITY SHAREHOLDERS' FUNDS		**15,216**	**13,011**

The notes on pages 15 to 33 form an integral part of these financial statements.

* The comparative information is restated on account of correction of errors, as outlined in Note 17.

The financial statements of Rugeley Power Limited, registered number 04212554, were approved and authorised for issue by the Board of Directors on 30 June 2021 and signed on its behalf by:

DocuSigned by:
Andrew Pollins
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Andrew Pollins

Director

Rugeley Power Limited
Registered No. 04212554

Statement of changes in equity

for the year ended 31 December 2018 and 31 December 2019

	Share Capital £'000	Share Premium £'000	Profit and Loss account £'000	Special Reserve £'000	Share Based Payments £'000	Total equity £'000
At 1 January 2018 (as previously reported)	1	129,000	(120,111)	20,439	1,148	30,477
Impact of correction of errors *	-	-	(16,390)	-	-	(16,390)
Restated balance at 1 January 2018	1	129,000	(136,501)	20,439	1,148	14,087
Profit for the year (restated)*	-	-	(1,076)	-	-	(1,076)
Total comprehensive income for the year	-	-	(1,076)	-	-	(1,076)
Restated at 31 December 2018*	1	129,000	(137,577)	20,439	1,148	13,011
At 1 January 2019	1	129,000	(137,577)	20,439	1,148	13,011
Profit for the year	-	-	2,205	-	-	2,205
Total comprehensive income for the year	-	-	2,205	-	-	2,205
At 31 December 2019	1	129,000	(135,372)	20,439	1,148	15,216

Special reserves
On the 5 September 2001, a court order was obtained to reduce the Company's share capital and convert this into a special reserve totalling £189,999,000. This special reserve is part of the Company's distributable reserves. Following its creation, dividends totalling £12,000,000 and £157,560,000 were declared and paid form the special reserve in 2001 and 2002 respectively.

The notes on pages 15 to 33 form an integral part of these financial statements.

* The comparative information is restated on account of correction of errors, as outlined in Note 17.

The retained earnings reserve represents cumulative profits and losses arising from ordinary activities. There are no unrealised profits or losses included in the retained earnings reserves.

Notes to the Financial Statements

for the year ended 31 December 2019

1. General information

Rugeley Power Limited is a private Company, limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

These financial statements are separate financial statements, but the Company's results are included in the consolidated financial statements of ENGIE S.A. which are publicly available as set out in Note 20. The principal accounting policies adopted by the Company are set out in Note 2.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented unless otherwise stated.

2.1 Basis of Preparation

These financial statements (including prior year comparatives) have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework', as issued by the Financial Reporting Council and in accordance with applicable accounting standards. As permitted by FRS 101, the Company has taken advantage of disclosure exemptions from applying the following requirements under the standard in relation to:

(a) financial instruments as required by IFRS 7 *Financial Instruments: Disclosures*;
(b) financial instrument valuation techniques and input used for fair value measurement as required by paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*;
(c) 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 (a reconciliation of the number of shares outstanding at the beginning and at the end of the period),
(d) the following paragraphs of IAS 1:
  i. 10(d) (the requirement to present a statement of cash flows),
  ii. 10(f) (the requirement to present a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  iii. 16 (the requirement to make an explicit and unreserved statement of compliance with IFRSs),
  iv. 38A (the requirement to present a minimum of two primary statements, including cash flow statements),
  v. 38B-D (the requirement to disclose comparative information for narrative disclosures and for information going beyond the requirements of IFRSs' additional comparative information),
  vi. 40A-D (the requirement to present a third statement of financial position),
  vii. 111 (the requirement for disclosure of cash flow information), and
  viii. 134 to 136 (the requirement to disclose the entity's objectives, policies and processes for managing capital);
(e) the requirements of IAS 7 Statement of Cash Flows to present a statement of cash flows for the period;
(f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose when an entity has not applied a new IFRS that has been issued but is not yet effective;
(g) 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
(h) the requirements of paragraphs 130(f)(ii) and 30(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the consolidated financial statements of ENGIE S.A., which are available to the public and can be obtained as set out in Note 19.

Notes to the Financial Statements

for the year ended 31 December 2019

2. Accounting policies (continued)

2.1 Basis of Preparation (continued)

The financial statements have been prepared under the historical cost convention, except for amounts in relation to derivative financial instruments, which is generally based on the fair value of the consideration given in exchange for the assets. The Company's 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.

Prior year restatement

During 2019, the Management team reviewed the decommissioning and restoration provision and established that it did not include full costs for the remediation of the land required under various environmental licences. As a consequence, the decommissioning and restoration expenses and related liabilities have been understated. The error has a material effect on the information contained in the previous financial statements. The error has been corrected by restating each of the affected financial statement line items for prior periods. Full details of the restatement are outlined in Note 17.

The prior year balance sheet has been restated to include the short-term amount of the provisions for liabilities within the line item for provisions, previously it was presented within current liabilities. The amount reclassified was £2,993,000. Consequently, net current assets and total assets less current liabilities have increased by £2,993,000. There is no impact on net assets. The change was made to align the presentation of the balance sheet more closely with the Companies Act 2006 requirements.

Management has also identified that in the prior year comparatives that the unwinding of the discount interest charge to the profit and loss in respect to the decommissioning provision was presented within Operating income – exceptional income as opposed to Interest payable and similar charges. As a result, the prior year comparative has been amended in this set of financial statements. The impact of this is a charge of £362,000 to Interest payable and similar charges in respect of unwinding of discount on provisions with a corresponding and offsetting credit to Operating income – exceptional income on the face of the Income Statement. Details of the representation are outlined in Note 17.

Going concern

Given the nature of the current decommissioning and land restoration activity, and 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. In carrying out their duties in respect of going concern, the Directors have carried out a review of the Company's financial position and cash flow forecast for a period of 12 months from the date of signing these financial statements based on a comprehensive review of income, expenditure, cash flows and specific business risks.

The forecast, taking account of reasonably possible changes to the decommissioning and restoration programme, shows that the Company may not have sufficient cash reserves to cover all of its liabilities as they fall due for a period of 12 months from the date of signing the 2019 financial statements. However, the ENGIE group takes its environmental obligations seriously and it intends to remediate the land. Therefore, the Directors believe that suitable funding will be made available to the Company by the ENGIE group to meet its obligations during this period and to allow remediation of the land for future development.

2. Accounting policies (continued)

2.1 Basis of Preparation (continued)

Going concern (continued)

The Company benefits from access to both short-term liquidity and longer-term financing support from the ENGIE group. For the year ended 31 December 2020, the ENGIE group achieved revenue of €55.8 billion and EBITDA of €9.3 billion. ENGIE S.A. is listed on the Paris stock exchange and is part of the CAC 40 stock market index. As at 8 June 2021, ENGIE S.A. had a market capitalisation of approximately €30 billion. The French state owns about 24% of ENGIE S.A. and controls about 35% of the voting rights.

The ENGIE group has a particularly healthy liquidity position. As at 31 December 2020, ENGIE S.A. announced to the market that it had €23.0 billion of liquidity (net cash plus undrawn credit facilities less outstanding commercial paper) including €13.3 billion of cash.

The ENGIE group centralises virtually all financing needs and cash flow surpluses of the companies it controls, as well as most of its medium and long-term external financing requirements. Centralisation is provided by financing vehicles (long-term and short-term). The ENGIE group operates standardised reporting, forecasting and budgeting financial processes which allows monitoring of the impact of business decisions on financial performance over future time horizons. Further, ENGIE S.A. has a strong credit rating (affirmed as "BBB+ Outlook Stable" by Standard & Poor's on 7 June 2021).

In alignment with the funding arrangements provided by ENGIE to the rest of the UK Business Unit, Group funding can be provided to the Company by way of an agreed negative balance limit (overdraft facility) under the existing cash pooling arrangement between the Company and ENGIE Treasury Management or through longer-term debt provided by a Group lending vehicle (ENGIE CC - registered in Belgium). Alternatively, long-term funding is also available from the ENGIE group in the form of equity. Such funding facilities will be utilised over the next 12 months as and when the Company's liquidity position requires it, however, the Group will not pre-fund the required cash flows many months in advance.

At the date of signing these financial statements, the ENGIE group was undertaking a Strategic Review of part of its Client Solutions business line, of which the Company is a component, which may result in the Company no longer being a part of the ENGIE group and therefore the Directors are unable to control all scenarios for the Company's future, including its funding arrangements.

The Directors have received a letter of support from ENGIE S.A. and have considered the ability of ENGIE S.A. to provide the required financial support to the Company and have satisfied themselves that ENGIE S.A. is able to provide support for a period of the earlier of not less than twelve months from the approval of these financial statements or should the on-going Strategic Review result in the Company no longer being part of the ENGIE group, until the Company no longer remains part of the ENGIE group.

Therefore, the Directors have prepared the financial statements on a going concern basis but acknowledge that the letter of support is conditional on the Company remaining part of the ENGIE group. The unknown outcome of the Strategic Review is, considered a material uncertainty, which may cast doubt about the Company's ability to continue as a going concern. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would be required if the Company were unable to continue as a going concern.

Notes to the Financial Statements

for the year ended 31 December 2019

2. Accounting policies (continued)

2.1 Basis of Preparation (continued)

Adoption of new and revised Standards

At the date of authorisation of these financial statements, the Company has not applied new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the EU.

New and revised IFRS applied

During the year, the Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of the adoption of these new standards are listed below.

- IFRS 16 Leases (effective date 1 January 2019)

  IFRS 16 Leases was issued in January 2016 and it replaces IAS 17 'Leases' and IFRIC 4 'Determining whether an Arrangement contains a Lease'. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under IAS 17.

- IFRS 16 Leases (effective date 1 January 2019) (continued)

  The Company owns the land on which the power station is built and so has no land leases under non-cancellable operating lease arrangements. The adoption of this standard has therefore not resulted in material effect to these financial statements due to there being no differences in the timing of recognition or measurement, and there is no restatement of the comparative information is required.

- IAS 19 employee Benefits (effective date 1 January 2019)

  The adoption of the standard has not materially impacted the financial statements.

New and revised IFRS in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the EU.

2.2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. However, the nature of estimation means that actual outcomes could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

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.

Notes to the Financial Statements

for the year ended 31 December 2019

2. Accounting policies (continued)

2.2 Judgements and key sources of estimation uncertainty (continued)

Decommissioning and restoration provision

The Company has recognised a provision for decommissioning obligations associated with the expected costs of removing the power station and making good the damage to the site where a contractual decommissioning and restoration obligation exists. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site, the expected cost to remediate the land and the expected timing of those costs. The carrying amount of the provisions as at the 31 December 2019 was £23,512,000 (2018: restated £25,697,000) as outlined in Note 15.

Carrying value of land

Management have made key assumptions regarding the valuation of the land, held as Inventories 'Work in progress' on Note 9, based on the future expected sale value of the land. Changes in these assumptions may impact the residual value of the land. The Company reviews these estimates at each financial period end and also tests for impairment at least once a year or when a trigger event occurs if sooner. Management expects that the future economic benefit that will result from the sale of the land support the carrying valuation of the land and thus the assets are recoverable.

2.3 Significant accounting policies

(a) Interest income

Interest income is recognised on a time-proportion basis 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.

(b) Interest expense

Interest expense is recognised on an accruals basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. Interest on loan amounts used for capital expenditure is capitalised according to the nature of the capital expenditure.

(c) Foreign currencies

In preparing the financial statements, transactions in foreign currencies are translated into the functional currency (Pounds Sterling) using the exchange rates prevailing at the dates of the individual transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rate ruling at the reporting date are recognised in the Income Statement. Non-monetary assets and liabilities are not carried at fair value are not subsequently restated and are carried at the rate of exchange at the date they are acquired (historical costs).

Notes to the Financial Statements

for the year ended 31 December 2019

2. Accounting policies (continued)

2.3 Significant accounting policies (continued)

(d) Pension costs

The majority of pensions for the staff are funded through an industry-wide scheme, the Electricity Supply Pension Scheme ('ESPS'), which is a defined benefit scheme with assets invested in separate trustee administered funds. The ESPS is divided into sections. The staff of Rugeley Power Limited are part of the International Power section of the ESPS, which was opened to members on 1 April 2002. Prior to this date, staff taken on in the Rugeley acquisition participated in another section of the ESPS, the Eastern Electricity section.

Following a strategic review of the exposure to pension risk over the long-term and a period of consultation with employees and their representatives, the International Power section of the ESPS in the UK was closed to new members effective from 1 June 2008. Existing members continue to accrue future service benefits under this plan. Since 1 June 2008, all new UK employees have been eligible to become members of a defined contribution plan.

IAS19

As the Company has no direct employees, it has no direct IAS 19 liability. However, International Power Ltd. operates a group-wide defined benefit pension scheme providing benefits based on final pensionable pay and recharges the Company for the costs incurred relating to the staff who work at the Company. Accordingly, the Company accounts for the scheme as if it were a defined contribution scheme.

During the year, International Power Ltd. has paid contributions to the International Power section of the ESPS ('the Scheme') as advised by its actuary (£8 million). Rugeley Power Limited contributed £0.2 million (2018: £0.2 million).

The Company has provided the following disclosures, which are in respect of the Scheme.

The valuation used for the IAS 19 disclosure at 31 December 2019 has been based on a full assessment of the liabilities of the International Power Group of the Electricity Supply Pension Scheme as at 31 March 2019, updated by independent qualified actuaries to reflect the requirements of IAS 19.

The amount of any funding deficit identified by the Scheme actuary is taken into account when determining the contribution rate applying to all employers participating in the Scheme. Following the 2019 funding valuation, the required future service contribution rate for the Company for the main section of the Scheme was 26.1% of pensionable pay.

International Power Ltd., the employer who sponsors the Scheme, expects to make contributions to the Scheme of approximately £12 million during 2020 (2019: £8 million).

2. Accounting policies (continued)

2.3 Significant accounting policies (continued)

(d) Pension costs (continued)

	2019	2018
Financial Assumptions Used to Determine Benefit Obligation	%	%
Discount Rate	2.00	2.85
Rate of increase in salaries	3.5	3.7
Inflation rate	3.0	3.2
Rate of increase of pensions in payment	2.1	3.0
Rate of increase in deferred pensions	3.0	3.2

Scheme assets are stated at their market value at 31 December 2019.

Value	£m	£m
Equities	111	90
Bonds (Excluding pooled liability driven investment portfolio)	116	88
Real estate	26	26
Pooled liability driven investment portfolio	111	123
Other	28	28
	392	355

The following amounts were measured in accordance with the requirements of IAS 19:

	£m	£m
Total market value of assets	392	355
Present value of scheme liabilities	(374)	(330)
Deficit in the scheme	18	25
Related deferred tax asset	-	-
Net pension liability	19	25

(e) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and the amount of that obligation has been reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

Where contractually obliged, the company creates provisions for the decommissioning of the power station and environmental restoration. The decommissioning and restoration provisions reflect the present value, at the balance sheet date, of the estimated cost. The provisions are reviewed at each balance sheet dates and are adjusted to reflect the present value of the expense expected to be realised for the settlement of the liability.

The future cost is recognised in the balance sheet as a decommissioning liability. The liability is released to the income statement as the costs are incurred throughout the year.

Notes to the Financial Statements

for the year ended 31 December 2019

2. Accounting policies (continued)

2.3 Significant accounting policies (continued)

(f) Taxation

Tax on the results for the year comprises current and deferred tax. Tax is recognised in the Company's Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

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.

In accordance with IAS 12 *Income taxes*, Deferred income tax is provided in full, using the liability method, 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 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred incomes taxes relate to the same fiscal authority.

(g) Debt

Debt is initially stated at the amount of net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period. Unless the interest is being capitalised, finance costs of debt are recognised in the Income Statement based on the rates of interest applicable to the debt.

(h) Inventories

Stock has been stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Costs incurred in bringing stock to its present location and condition are accounted for at the weighted average purchase cost.

Inventories represents land held for redevelopment purposes and the costs incurred in redeveloping the land for residential and commercial use. In the financial year, costs of £2,744,000 (2018: £709,000) were incurred in redeveloping the land. Refer to Note 9 for further information.

Notes to the Financial Statements

for the year ended 31 December 2018

2. Accounting policies (continued)

2.3 Significant accounting policies (continued)

(i) Trade and other debtors

Trade debtors and other debtors, which generally have 30-day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, debtors are carried at amortised cost. A provision for impairment of trade debtors is made when there is objective evidence that the Company will not be able to recover all amounts due according to the original terms of the debtor. Balances are written off when the probability of recovery is assessed as being remote and the amount of the loss is recognised in the Income Statement within administrative expenses whereas subsequent recoveries of amounts previously written off are credited against administrative expenses.

(j) Trade and other creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade creditors are recognised initially at fair value (transaction price) and subsequently measured at amortised cost using the effective interest method.

(k) Cash at bank and in hand

Cash at bank and in hand and short-term deposits in the balance sheet comprises cash on hand, deposits held at call with banks and short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(l) Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

(m) Exceptional items

The Company presents exceptional items on the face of the Income Statement, those material items of income and expense, which because of the nature of the events giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

(n) Operating Profit

Operating profit is stated before interest income and interest payable.

Notes to the Financial Statements

for the year ended 31 December 2019

3. Operating (loss)/profit

This is stated after charging/(crediting):

	2019 £'000	2018 £'000 Restated*
Operating income – exceptional income		
- Restructuring costs	-	(1,036)
Staff costs (see Note 5)	690	836
Fees paid to the Company's auditor for the audit of the financial statements	25	24

Amounts presented within Exceptional income comprise the release of £1,036,000 from the decommissioning provision following the signing of the demolition contract with a specialist demolition company.

* The comparative information is restated on account of correction of errors, as outlined in Note 17.

4. Auditor's Remuneration

Fees payable to Ernst & Young LLP and their associates for the statutory audit of the Company's annual accounts were £25,000 (2018: £24,000).

There were no fees payable by Rugeley Power Limited to Ernst & Young LLP for non-audit services.

Notes to the Financial Statements

for the year ended 31 December 2019

5. Directors' and employees' remuneration

The Directors did not receive any fees or emoluments from the Company during the year (2018: £nil) directly attributable to their position within the Company. Directors' fees or emoluments for Director

D Alcock were paid by IPM Energy Limited, whilst the remaining Directors' fees and emoluments were paid by International Power Ltd. and the amount attributable to the qualifying services provided by the Directors to the Company were inconsequential to their role.

The monthly average number of employees directly attributable to the Company during the year was 6 (2018: 7). All staff performing duties for the Company are employed by International Power Ltd. and their costs are borne by it and subsequently recharged to the Company.

	2019 Number	2018 Number
Administration	2	2
Operational	4	5
	6	7
	£'000	*£'000*
Wages and salaries	463	597
Social security costs	68	68
Other pension costs	159	171
Total staff costs	690	836

6. Interest receivable and similar income

	2019 £'000	2018 £'000
Interest receivable from group undertakings	143	164
Other interest receivable	-	-
Total interest receivable	143	164

7. Interest Payable and similar charges

	2019 £'000	2018 £'000 Restated *
Unwinding of discount on provisions (Note 15)	324	1,401
Total interest payable	324	1,401

* The comparative information is restated on account of correction of errors, as outlined in Note 17.

Rugeley Power Limited
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Notes to the Financial Statements

for the year ended 31 December 2019

8. Tax on profit

The tax credit comprises:

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax on profits of the year	-	-
Adjustments in respect of previous periods	3,474	-
Total current tax	-	-
Tax credit in the profit and loss	3,474	-

The Company earns its profits primarily in the UK. Therefore, the tax rate used for tax on profit is the average standard rate for UK corporation tax, currently 19.00% (2018: 19.00 %.)

The charge for the year can be reconciled to the profit in the Income Statement as follows:

	2019 £'000	2018 £'000 Restated*
Reconciliation of tax credit		
Loss before tax	(1,269)	(1,076)
Loss multiplied by rate of corporation tax of 19.00% (2018: 19.00%)	241	(204)
Capital allowances in advance of depreciation	-	-
Expenses not allowable of tax	(241)	204
Tax on exceptional	-	-
Tax on derivatives	-	-
Adjustments in respect of previous periods	3,474	-
Tax credit in the profit and loss	3,474	-

* The comparative information is restated on account of correction of errors, as outlined in Note 17.

Notes to the Financial Statements

for the year ended 31 December 2019

9. Inventories

	2019 £'000	2018 £'000
Work in progress	17,534	14,790
	17,534	14,790

Inventories represents land held for redevelopment purposes. In the financial year, costs of £2,744,000 (2018: £709,000) incurred in redeveloping the land for residential and commercial use.

10. Intercompany cash pooling account

	2019 £'000	2018 £'000
Intercompany cash pooling account	18,482	24,292
	18,482	24,292

The Company participates in the ENGIE Group's cash pooling arrangement and as a result cash balances are on deposit with ENGIE Treasury Management S.À.R.L. Cash on deposit is repayable on demand and Sterling deposits attract interest at the LIBOR rate.

11. Debtors

	2019 £'000	2018 £'000
Trade debtors	4	18
Amounts owed by group undertakings – interest	6	9
VAT recoverable	164	692
Group relief tax receivable	3,474	-
Prepayments	68	68
	3,716	787

All amounts are due within one year.

Included within 'Amounts owed by group undertakings' is accrued interest on cash pooling deposits.

Included within 'Group relief tax receivable' were amounts receivable from International Power Ltd. in respect of amounts to be claimed for as group relief. For administrative ease, International Power Ltd. acts as a "clearing house" for group relief payments and receipts across some UK based ENGIE group companies.

The maximum exposure to credit risk at the reporting date is the fair value of each debtor shown above.

The Directors consider that the carrying amount of trade and other debtors approximate their fair value.

Notes to the Financial Statements

for the year ended 31 December 2019

12. Creditors: due within one year

	2019 £'000	2018 £'000
Trade creditors	17	20
Amounts owed to group undertakings – cost recharges	167	281
Deferred income and accruals	820	860
	1,004	1,161

Included with 'Amounts owed to group undertakings – costs recharges' are costs to be recharged from International Power Ltd. for payroll costs and other directly attributable costs.

Due to their short maturities, the Directors consider that the carrying value of trade and other payables approximates to their fair value.

All trade and other creditors are recorded at amortised cost. The carrying amounts of trade and other payables are denominated in Sterling.

13. Share Capital

	2019 £000	2018 £000
Authorised		
1,003 ordinary shares of £1 each	1	1
Called up, allotted and fully paid		
1,003 ordinary shares of £1 each	1	1

Ordinary shares rank pari passu with each other in respect of all rights, including dividend, voting and return of capital.

14. Pension arrangements

In addition to the contributions to the International Power section of the ESPS ('the Scheme'), the Company operates a defined contribution pension scheme, the assets of which are held separately from those of the Company. Employer's contributions to the scheme during the year were £4,000 (2018: £4,000).

Notes to the Financial Statements

for the year ended 31 December 2019

15. Provision

	2019 £000	2018 £000
Decommissioning provision		Restated*
Opening – 1 January	5,417	15,005
Utilised	(2,509)	(8,914)
Released	-	(1,036)
Finance Costs	48	362
Closing – 31 December	2,956	5,417
Analysed as		
Current provision	2,019	2,993
Non-current provision	937	2,424

The provision relates to the closure, decommissioning and subsequent demolition of the Power Station. Costs within the provision include the expected cost of demolition contract based on an estimate provided by an industry specialist, internally incurred or third-party contractor costs during decommissioning and demolition. The demolition project is expected to complete by the end of Q3 2021 and the provision will be utilised over this period.

During the year, an amount of £2,509,000 (2018: £8,914,000) in respect of costs incurred for demolition, including staff costs associated with this work was utilised against the provision. The impact of unwinding discount movement on the provision was a charge to the provision of £48,000 (2018: £362,000).

	2019 £000	2018 £000
Restoration Provision		
Opening – 1 January	20,280	19,241
Finance Costs	276	1,039
Closing – 31 December	20,556	20,280
Analysed as		
Current provision	-	-
Non-current provision	20,556	20,280

The provision relates to the restoration of the land on which the Power Station is situated. Costs within the provision include the expected cost of restoring the land based on an estimate provided by an industry specialist, internally incurred or third-party contractor quotations. The project is expected to commence in 2021 and be completed by the end of 2023 and the provision will be utilised over this period. The impact of unwinding discount movement on the provision was a charge to the provision of £276,000 (2018: £1,039,000).

The provision has been made for the net present value of the estimated cost of decommissioning and restoration using an annual inflation rate of 2.00% and a discounts rate of 1.24% (2020 to 2022).

* The comparative information is restated on account of correction of errors, as outlined in Note 17.

Notes to the Financial Statements

for the year ended 31 December 2019

16. Contingencies

On the 19 December 2019, at the request of the Company, ENGIE Invest International S.A. (the "Guarantor") issued a counter-guarantee in favour of Environment Agency (the "Beneficiary") for an amount of GBP 4,276,249. A Letter of Credit (LoC) was issued by BNP Paribas (London) to the benefit of the Environment Agency and covering the obligations of Rugeley Power Limited covering the period from 21 March 2020 to 31 March 2021.

17. Prior year restatement

During 2019, the Management team reviewed the decommissioning and restoration provision and established that it did not include full costs for the remediation of the land required under various environmental licences. As a consequence, the decommissioning and restoration expenses and related liabilities have been understated. The error has a material effect on the information contained in the previous financial statements. The error has been corrected by restating each of the affected financial statement line items for prior periods.

The prior year balance sheet has also been restated to include the short-term amount of the provisions for liabilities within the line item for provisions, previously it was presented within current liabilities. The amount reclassified was £2,993,000. Consequently, net current assets and total assets less current liabilities have increased by £2,993,000. There is no impact on net assets. The change was made to align the presentation of the balance sheet more closely with the Companies Act 2006 requirements.

Management have also identified that in the prior year comparatives that the unwinding of the discount interest charge to the profit and loss in respect to the decommissioning provision was presented within Operating income – exceptional income as opposed to Interest payable and similar charges. As a result, the prior year comparative has been amended in this set of financial statements. The impact of this is a charge of £362,000 to Interest payable and similar charges in respect of unwinding of discount on provisions with a corresponding and offsetting credit to Operating income – exceptional income on the face of the Income Statement.

The following tables summarise the impacts on the Company's financial statements.

i) Statement of financial position

	Impact of correction of errors			
	As previously reported	*Adjustment*	Adjustment	As restated
1 January 2018	£'000	£'000	£'000	£'000
Total Assets	**49,194**	**-**	**-**	**49,194**
Creditors: amounts falling due within one year	(861)	-	-	(861)
Provision - Current	(5,204)	-	5,204	-
Provision - Non-current	(12,652)	*(16,390)*	(5,204)	(34,246)
Total Liabilities	**(18,717)**	**(16,390)**	**-**	**(35,107)**
Retained Earnings	(120,111)	*(16,390)*	-	(136,501)
Other	150,588	-	-	150,588
Total Equity	**30,477**	**16,390)**	**-**	**14,087**

Notes to the Financial Statements

for the year ended 31 December 2019

17. Prior year restatement (continued)

i) Statement of financial position (Continued)

		Impact of correction of errors		
	As previously reported	*Adjustment*	Adjustment	As restated
31 December 2018	£'000	£'000	£'000	£'000
Total Assets	**39,869**	-	-	**39,869**
Creditors: amounts falling due within one year	(1,161)	-	-	(1,161)
Provision - Current	(2,993)	-	*2,993*	-
Provision - Non-current	(5,275)	*(17,429)*	*(2,993)*	(25,697)
Total Liabilities	**(9,429)**	**(17,429)**	-	**(26,858)**
Retained Earnings	(120,148)	*(17,429)*	-	(137,577)
Other	150,588	-	-	150,588
Total Equity	**30,440**	**(17,429)**	-	**13,011**

ii) Statement of profit or loss

		Impact of correction of errors		
	As previously reported	*Adjustment*	Adjustment	As restated
For the year ended 31 December 2018	£'000	£'000	£'000	£'000
Gross Profit	9	-	-	9
Operating costs (excluding exceptional charges)	(884)	-	-	(884)
Operating income – exceptional income	674	-	362	1,036
Operating loss	**(201)**	-	**362**	**161**
Interest receivable and similar income	*164*	-	-	*164*
Interest payable and similar charges	-	(1,039)	(362)	(1,401)
Fair value loss on commodity contracts	-	-	-	-
Loss before taxation	**(37)**	**(1,039)**	-	**(1,076)**
Total comprehensive income	**(37)**	**(1,039)**	-	**(1,076)**

Notes to the Financial Statements

for the year ended 31 December 2019

18. Related party transactions

As at 31 December 2019, the Company was a wholly-owned subsidiary of IP Karugamo Holdings (UK) Limited.

During the year, the Company entered into transactions, in the ordinary course of business, with other related parties. The company has taken advantage of the exemption granted by paragraph 8(k) of FRS 101 and has therefore not disclosed transactions within the International Power Ltd. Group of companies.

International Power Ltd. ('IPR') owns (indirectly) 100% of the Company and charges the Company for payroll recharges. In the normal course of business, the Company purchased services amounting to £1.0m (2017: £0.8m) from IPR. At the year-end the Company had amounts owing from IPR of £168,000 (2018: owing to IPR of £118,000).

All transactions with related parties were made during the normal course of business on arm's length terms.

19. Controlling party

The Company was a wholly owned subsidiary of IPM Holdings (UK) Limited (an ENGIE S.A. subsidiary) up until the 22 December 2017 at which point 100% of the ordinary share capital of Rugeley Power Limited was sold to IP Karugamo Holdings (UK) Limited.

The Company's immediate parent undertaking is, therefore, IP Karugamo Holdings (UK) Limited, a Company registered in England and Wales, the registered address of which Level 20, 25 Canada Square, London E14 5LQ, United Kingdom.

The Directors consider the Company's ultimate parent undertaking and ultimate controlling party to be ENGIE S.A. which was incorporated in France and is headquartered in Paris, France and which is the parent undertaking of the largest and smallest group in which the results of the Company are consolidated for the year ended 31 December 2019 and the year ended 31 December 2018. The consolidated financial statements of GDF SUEZ S.A. may be obtained from its registered office at 1 Place Samuel de Champlain, 92400 Courbevoie, Paris, France.

Notes to the Financial Statements

for the year ended 31 December 2019

20. Non-adjusting events after the financial period

Counter guarantees

On the 17 December 2020, at the request of the Company, ENGIE Invest International S.A. (the "Guarantor") extended the maturity date of the counter-guarantee in favour of Environment Agency (the "Beneficiary") for an amount of GBP 4,324,743. A Letter of Credit (LoC) was issued by BNP Paribas (London) to the benefit of the Environment Agency and covering the obligations of Rugeley Power Limited which extended the maturity date of the existing LoC to the 31 March 2022.

COVID-19

Since the year end, the world has and is continuing to fact the COVID-19 pandemic on an unprecedented scale which is resulting in a health and economic crisis. ENGIE and the Company have no experience of a similar crisis and it is difficult to predict the full extent that coronavirus will have on our operations, but the Company and the ENGIE group is taking numerous actions to help weather the storm.

The Directors have made an assessment of the impact of the Coronavirus pandemic on the Company's demolition and restoration activities and at this stage believe that, given the Company's strong statement of financial position, the Company has adequate reserves to withstand any unforeseen events as a result of the pandemic. The Directors continue to monitor the situation to manage the risk to the business; however, ultimately any potential financial impact cannot be determined with certainty.

As a result of such assessment of the impact of the COVID-19 pandemic, the company proposes to treat this as a non-adjusting subsequent event, therefore no adjustment to the numbers reported in the financial statements for 2019 is required.

ENGIE Strategic Review

On the 13 November 2020, the ENGIE group announced that the first phase of its strategic review of its Client Solutions activities has been completed. This group review is taking place with a view to maximise value, reinforce its leadership position and seize future growth opportunities, through a coherent perimeter and adapted organisation. The preliminary scope of activities that will be retained or those where ownership could change has now been defied, with each Client Solutions activity initially assessed on its alignment with the ENGIE group's new strategic orientation, considering three main criteria, business model, nature of the activity and development potential in each geography.

ENGIE will retain activities in Client Solutions focussed on low-carbon energy production, energy infrastructure and associated services providing complex, integrated and large-scale solutions to Cities, Communities and Industries. For other Client Solutions activities, a new entity will be created as a leader in asset-light activities and related services. These activities benefit from strong growth prospects and leadership positions; however, they are less aligned with ENGIE's new strategic orientation. The new entity will be focussed on two business models: design and build projects and recurring O&M services.

In February 2021, the employee representatives' consultation, related to the proposed organisation design for the new entity, was launched. This consultation is expected to conclude by the end of the second quarter of 2021. The ENGIE group will consider next steps and review future ownership options for the potential new entity in the second half of this year. ENGIE will consider all options to maximise value and will act in the interest of all stakeholders.

The Directors believe that should the Strategic Review result in a change in ownership of part of the ENGIE group's Client Solutions business line, it will not result in the separate disposal of this Company, and a new owner would secure suitable alternative funding arrangements for the Client Solutions business as part of their acquisition plan, to ensure the business is successful.

There have been no other significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.