

Rugeley Power Limited
Registered No. 04212554

Rugeley Power Limited
Company Number: 04212554

Annual Report and Financial Statements
for the year ended 31 December 2020



Rugeley Power Limited

Registered No. 04212554

Annual Report and Financial Statements

for the year ended 31 December 2020

Officers and professional advisers

Directors

Mr C Macpherson

Mr A Pollins

Mr C Langdon

Company Secretary

Ms S.J. Gregory

Auditor

Ernst & Young LLP

Citygate

St James' Boulevard

Newcastle-upon-Tyne

NE1 4JD

Bankers

Barclays Bank PLC

1 Churchill Place

London

E14 5HP

Registered Office

ENGIE Q3 Office

Quorum Business Park

Benton Lane

Newcastle-upon-Tyne

Tyne and Wear

NE12 8EX

Rugeley Power Limited
Registered No. 04212554

Strategic Report

for the year ended 31 December 2020

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 2020.

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 the site of the former 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 continued to be actively engaged in the decommissioning and demolition of the plant. Work was undertaken using a specialist demolition contractor and is progressing in line with schedule and is currently expected to conclude by the end of Q1 2022.

At the same time, Management progressed with plans to redevelop the land at Rugeley for residential, commercial and other related purposes. Following approval of the full outline planning application in January 2020, remediation work commenced in Q2 of 2021 by an external contractor which is currently expected to be finalised by the end of Q1 2023.

Results and dividends

The results of the Company are as follows:

	31 December 2020 £'000	31 December 2019 £'000
(Loss)/profit for the financial year	(137)	2,205

The results of the Company are set out in the Income Statement on page 12 and show a loss for the financial year before taxation of £403,000 in the financial year (2019: loss of £1,269,000) and a loss for the financial year after taxation of £137,000 (2019: profit of £2,205,000).

The net assets of the Company at the end of 2020 were £15,079,000 (2019: £15,216,000).

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

The Company does not have distributable reserves. No dividend is proposed for the current financial year (2019: £nil).

Rugeley Power Limited**Registered No. 04212554****Strategic Report (continued)**

for the year ended 31 December 2020

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 these 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 £14.3m in the group cash pool 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 2020 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. They 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 date of signing these financial statements, or 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 14 is based on the expected costs outlined within the demolition contract entered into with a specialist demolition contractor and either incurred internally or externally via third-party contractor costs during decommissioning and demolition. The demolition project is expected to be completed by the end of Q1 2022 and the provision will be utilised over this period.

Rugeley Power Limited
Registered No. 04212554

Strategic Report (continued)

for the year ended 31 December 2020

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 was situated. Costs within the provision include the expected cost of restoring the land based on an estimate provided by an industry specialist, third-party contractor quotations and internal expenses. The land restoration project is expected to be completed by the end of Q1 2023 and the provision will 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 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.

Management continually reviews Health & Safety 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.

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

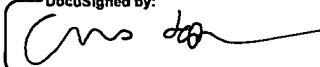
There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

Future developments

The future objective of the business is to manage and support the ongoing demolition of the power station and remediation of the land. This demolition activity was on-going in the financial year and is not expected to conclude until Q1 2022. In the meantime, the Company submitted a revised outline planning application for the site which incorporated the All Through School (ATS) and received resolution to grant in July 2020. The updated permission and signing of the S106 was completed in April 2021. Two reserved matters applications have been submitted. One for the All Through School which granted planning permission on the 8 October 2021. The other was for the Riverside Park which is awaiting a decision by end of December 2021.

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 22nd December 2021 and signed on its behalf by:

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Chris Langdon

Director

Rugeley Power Limited
Registered No. 04212554

Directors' Report

for the year ended 31 December 2020

The Directors present their Annual Report and the audited financial statements of the Company (registered number 04212554) for the financial year ended 31 December 2020.

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 current health and economic crisis which has evolved during the financial year and has continued since the 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. Clearly, the current situation is having an adverse impact on current year trading results across the UK BU and a deterioration in cash inflow is a reality.

Several initiatives have been implemented to protect the financial standing of the UK BU. A significant number of employees were furloughed during the crisis, taking advantage of funding available from the Government, capital expenditure and discretionary spend restrictions have been enforced, VAT payments were deferred (allowed in accordance with HMRC guidelines) and direct pandemic related costs continue to be closely monitored. Detailed cash flow forecasting is taking place and the situation continues to be reviewed on an ongoing basis involving regular communication with the ENGIE group.

The Directors remain confident that both short-term liquidity and longer-term financing support is readily available from the ENGIE group (which has a BBB+ credit rating from Standard & Poor's), should this be required, and the Company has no significant reliance on external third-party debt. Further, the UK business has been offered or could obtain several financial support arrangements from the banking industry and although these are currently deemed unnecessary, this helps support the conclusion that no financing issues are currently foreseen. The Directors are therefore satisfied that the Company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason, they have continued to adopt the going concern basis in preparing the financial statements.

As mentioned in the post balance sheet events disclosure, during 2020 the ENGIE group announced its Strategic Review of part of its Client Solutions business line, a project launched towards the potential creation of a new leader in multi-technical services, which would benefit from scale and strong growth prospects. In February 2021, employee representative consultation related to the proposed organisation design for the new entity was launched.

During June 2021 the ENGIE group announced that a new organisational structure had been established featuring four Global Business Units and newly-created EQUANS, a leader in delivering multi-technical services (of which this Company forms a part). The group also announced that EQUANS would operate as an autonomous entity within ENGIE, managed by its CEO Jérôme Stubler and his management team. EQUANS has 74,000 employees in 17 countries and an annual revenue of over €12 billion.

In November 2021, following the decision of its Board of Directors, and after a rigorous and competitive process, ENGIE announced that it had entered into exclusive negotiations with Bouygues for the sale of 100% of EQUANS for a valuation of €7.1 billion.

Rugeley Power Limited**Registered No. 04212554****Directors' Report (continued)**

for the year ended 31 December 2020

Bouygues is planning to create around EQUANS a global leader in multi-technical services to which it will bring its own activity. It will provide a framework for EQUANS to develop and strengthen its position. The proposed transaction is to be submitted to the relevant employee representative bodies for consultation and is expected to close in H2 2022, subject to regulatory approvals and customary closing conditions.

The Company has received a letter of support from ENGIE S.A. The Directors 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 until the Company no longer remain part of the ENGIE group.

At the date of signing these financial statements, the ENGIE group has not completed the contemplated sales process. However, it is possible that during 2022 the Company will no longer remain a subsidiary of ENGIE S.A. as it is expected to become part of the scope of EQUANS, and therefore the Directors are unable to control all scenarios for the Company's future, including its funding arrangements. The probable change in ownership of EQUANS and the Company is considered a material uncertainty which may cast doubt about the Company's ability to continue as a going concern. Accordingly, the 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 Company become part of EQUANS, and the sale of EQUANS to Bouygues concludes successfully, Bouygues will secure suitable alternative funding arrangements for EQUANS as part of its acquisition plan, to ensure the business is successful. Bouygues intends to create a world leader in multi-technical services and to create 10,000 net additional jobs over 5 years. EQUANS would then employ worldwide more than 95,000 employees and generate an annual turnover of circa €16 billion.

Directors

The Directors shown below have held office during the period ended 31 December 2020 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	(resigned 30 June 2021)
Mr N Carter	(resigned 30 June 2021)
Mr C Macpherson	
Mr S Pinnell	(resigned 31 March 2020)
Mr A Pollins	(appointed 1 April 2020)
Mr C Langdon	(appointed 1 July 2021)

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 2020, no qualifying indemnity provisions made by the Company or a subsidiary of the Company were in force for the benefit of any Directors.

Rugeley Power Limited
Registered No. 04212554

Directors' Report (continued)

for the year ended 31 December 2020

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 (2019: £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.

Directors' statement as to disclosure of information to the auditor

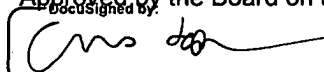
The Directors who were members of the Board at the time of approving the Directors' report are listed above.

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 22nd December 2021 and signed on its behalf by:


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Chris Langdon

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

We have audited the financial statements of Rugeley Power Limited for the year ended 31 December 2020 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18, 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 2020 and of its loss 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. 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 note 2.1 to the financial statements, which indicates 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 entered into exclusive negotiations with Bouygues for the sale of the EQUANS division, of which the company is a component. The proposed transaction will be submitted to the relevant employee representative bodies for consultation and is expected to close in H2 2022, subject to regulatory approvals and customary closing conditions, 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 the 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.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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.

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 course of 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 themselves. 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 TO THE MEMBERS OF RUGELEY POWER LIMITED (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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are
 - Companies Act 2006 and FRS101
 - Tax legislation (governed by HM Revenue & Customs) and including furlough legislation
 - Health and Safety legislation
- We understood how Rugeley Power Limited is complying with those frameworks by reading internal policies and codes of conduct and assessing the entity level control environment. We made enquiries of the Company's legal counsel and senior management of known instances of non-compliance or suspected non-compliance with laws and regulations, including any matters raised in whistleblowing. We also considered the oversight procedures of the Company's parent entity at a UK level through the "Executive Board".

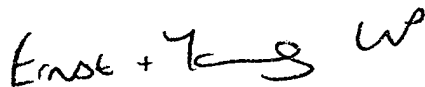
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUGELEY POWER LIMITED (CONTINUED)

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries of senior management, including the UK Chief Financial Officer, the UK Deputy Chief Financial Officer, the UK Group Financial Controller. We obtained details of incidents and allegations of fraud raised internally and investigated by the Company's ethics and compliance team. We planned our audit to identify risks of management override or bias by agreeing journal entries in the areas involving significant estimation and judgement, recognition of revenue and profits on contracts, to supporting documentation.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of board meetings and other committee minutes, including the Risk Management Committee, and incident registers to identify any non-compliance with laws and regulations. Our procedures also involved journal entry testing and data analytics, as set out above. Our testing also included consideration of compliance of employees with policies and codes of conduct at a contract level, for a sample of contracts, based on their size and complexity.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Handwritten signature of Caroline Mulley, consisting of the name 'Ernst + Young' followed by a stylized 'W'.

Caroline Mulley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
23 December 2021

Rugeley Power Limited
Registered No. 04212554

Income Statement
for the year ended 31 December 2020

		2020	2019
	Note	£'000	£'000
Operating costs (excluding exceptional income)		(1,057)	(1,088)
Operating income – exceptional income		1,024	-
Operating loss	3	(33)	(1,088)
Interest receivable and similar income	6	28	143
Interest payable and similar charges	7	(398)	(324)
Loss before taxation		(403)	(1,269)
Taxation credit on loss	8	266	3,474
(Loss)/profit and total comprehensive (loss)/income for the financial year		(137)	2,205

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

There was no other comprehensive income attributable to the shareholders of the Company other than the loss for the financial period ended 31 December 2020 of £137,000 and, therefore, no separate Statement of Comprehensive Income has been prepared.

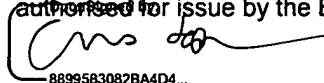
The notes on pages 15 to 30 form an integral part of these financial statements.

Rugeley Power Limited**Registered No. 04212554****Balance sheet****at 31 December 2020**

	Note	2020 £'000	2019 £'000
Current assets			
Inventories	9	20,939	17,534
Debtors – within one year	10	18,259	22,198
Total current assets		39,198	39,732
Total assets		39,198	39,732
Current liabilities			
Creditors: amounts falling due within one year	11	(1,422)	(1,004)
Net current assets		37,776	38,728
Total assets less current liabilities		37,776	38,728
Creditors: amounts falling due after more than one year			
Provision	14	(22,697)	(23,512)
Net assets		15,079	15,216
Capital and reserves			
Called up share capital	12	1	1
Share premium account		129,000	129,000
Special reserve		20,439	20,439
Share based payment reserve		1,148	1,148
Retained losses		(135,509)	(135,372)
EQUITY SHAREHOLDERS' FUNDS		15,079	15,216

The notes on pages 15 to 30 form an integral part of these financial statements.

The financial statements of Rugeley Power Limited, registered number 04212554, were approved and authorised for issue by the Board of Directors on 22 December 2021 and signed on its behalf by:



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Chris Langdon

Director

Rugeley Power Limited

Registered No. 04212554

Statement of changes in equity

for the year ended 31 December 2019 and 31 December 2020

	Share Capital £'000	Share Premium £'000	Profit and Loss account £'000	Special Reserve £'000	Share Based Payments £'000	Total equity £'000
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
At 1 January 2020	1	129,000	(135,372)	20,439	1,148	15,216
Loss for the year	-	-	(137)	-	-	(137)
Total comprehensive loss for the year	-	-	(137)	-	-	(137)
At 31 December 2020	1	129,000	(135,235)	20,439	1,148	15,079

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 from the special reserve in 2001 and 2002 respectively.

The notes on pages 15 to 30 form an integral part of these financial statements.

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.

Rugeley Power Limited
Registered No. 04212554

Notes to the Financial Statements

for the year ended 31 December 2020

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 18. 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 18.

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Notes to the Financial Statements

for the year ended 31 December 2020

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.

Going concern

Given the nature of the current decommissioning and land restoration activity, and current health and economic crisis which has evolved during the financial year and has continued since the 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. Clearly, the current situation is having an adverse impact on current year trading results across the UK BU and a deterioration in cash inflow is a reality.

Several initiatives have been implemented to protect the financial standing of the UK BU. A significant number of employees were furloughed during the crisis, taking advantage of funding available from the Government, capital expenditure and discretionary spend restrictions have been enforced, VAT payments were deferred (allowed in accordance with HMRC guidelines) and direct pandemic related costs continue to be closely monitored. Detailed cash flow forecasting is taking place and the situation continues to be reviewed on an ongoing basis involving regular communication with the ENGIE group.

The Directors remain confident that both short-term liquidity and longer-term financing support is readily available from the ENGIE group (which has a BBB+ credit rating from Standard & Poor's), should this be required, and the Company has no significant reliance on external third-party debt. Further, the UK business has been offered or could obtain several financial support arrangements from the banking industry and although these are currently deemed unnecessary, this helps support the conclusion that no financing issues are currently foreseen. The Directors are therefore satisfied that the Company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason, they have continued to adopt the going concern basis in preparing the financial statements.

As mentioned in the post balance sheet events disclosure, during 2020 the ENGIE group announced its Strategic Review of part of its Client Solutions business line, a project launched towards the potential creation of a new leader in multi-technical services, which would benefit from scale and strong growth prospects. In February 2021, employee representative consultation related to the proposed organisation design for the new entity was launched.

During June 2021 the ENGIE group announced that a new organisational structure had been established featuring four Global Business Units and newly-created EQUANS, a leader in delivering multi-technical services (of which this Company forms a part). The group also announced that EQUANS would operate as an autonomous entity within ENGIE, managed by its CEO Jérôme Stubler and his management team. EQUANS has 74,000 employees in 17 countries and an annual revenue of over €12 billion.

In November 2021, following the decision of its Board of Directors, and after a rigorous and competitive process, ENGIE announced that it had entered into exclusive negotiations with Bouygues for the sale of 100% of EQUANS for a valuation of €7.1 billion.

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Notes to the Financial Statements

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2. Accounting policies (continued)

2.1 Basis of Preparation (continued)

Bouygues is planning to create around EQUANS a global leader in multi-technical services to which it will bring its own activity. It will provide a framework for EQUANS to develop and strengthen its position. The proposed transaction is to be submitted to the relevant employee representative bodies for consultation and is expected to close in H2 2022, subject to regulatory approvals and customary closing conditions.

The Company has received a letter of support from ENGIE S.A. The Directors 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 not less than twelve months from the approval of these financial statements, or until the Company no longer remain part of the ENGIE group.

At the date of signing these financial statements, the ENGIE group has not completed the contemplated sales process. However, it is possible that during 2022 the Company will no longer remain a subsidiary of ENGIE S.A. as it is expected to become part of the scope of EQUANS, and therefore the Directors are unable to control all scenarios for the Company's future, including its funding arrangements. The probable change in ownership of EQUANS and the Company is considered a material uncertainty which may cast doubt about the Company's ability to continue as a going concern. Accordingly, the 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 Company become part of EQUANS, and the sale of EQUANS to Bouygues concludes successfully, Bouygues will secure suitable alternative funding arrangements for EQUANS as part of its acquisition plan, to ensure the business is successful. Bouygues intends to create a world leader in multi-technical services and to create 10,000 net additional jobs over 5 years. EQUANS would then employ worldwide more than 95,000 employees and generate an annual turnover of circa €16 billion.

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.

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Notes to the Financial Statements

for the year ended 31 December 2020

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 2020 was £22,697,000 (2019: £23,512,000) as outlined in Note 14.

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).

(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.

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Notes to the Financial Statements
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2. Accounting policies (continued)

2.3 Significant accounting policies (continued)

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 (£14 million). Rugeley Power Limited contributed £0.2 million (2019: £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 2020 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 £7 million during 2021 (2020: £12 million).

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Notes to the Financial Statements

for the year ended 31 December 2020

2. Accounting policies (continued)

2.3 Significant accounting policies (continued)

(d) Pension costs (continued)

	2020	2019
	%	%
Financial Assumptions Used to Determine Benefit Obligation		
Discount Rate	1.25	2.00
Rate of increase in salaries	3.4	3.5
Inflation rate	2.9	3.0
Rate of increase of pensions in payment	3.0	2.1
Rate of increase in deferred pensions	2.9	3.0

Scheme assets are stated at their market value at 31 December 2020.

Value	£m	£m
Equities	124	111
Bonds (Excluding pooled liability driven investment portfolio)	128	116
Real estate	26	26
Pooled liability driven investment portfolio	137	111
Other	23	28
	<u>438</u>	<u>392</u>

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

	£m	£m
Total market value of assets	438	392
Present value of scheme liabilities	(427)	(374)
Surplus in the scheme	11	18
Related deferred tax asset	-	-
Net pension surplus	<u>11</u>	<u>18</u>

(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.

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Notes to the Financial Statements
for the year ended 31 December 2020

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 £3,405,000 (2019: £2,744,000) were incurred in redeveloping the land. Refer to Note 9 for further information.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

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Notes to the Financial Statements

for the year ended 31 December 2020

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.

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Notes to the Financial Statements
for the year ended 31 December 2020

3. Operating (loss)/profit

This is stated after (crediting)/charging:

	2020	2019
	£'000	£'000
Operating income – exceptional income	(1,024)	-
Staff costs (see Note 5)	761	690
Fees paid to the Company's auditor for the audit of the financial statements	25	25

Exceptional Income principally includes income from the sale of water abstraction rights as part of the decommissioning and demolition of the power plant.

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 (2019: £25,000).

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

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Notes to the Financial Statements

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5. Directors' and employees' remuneration

The Directors did not receive any fees or emoluments from the Company during the year (2019: £nil) directly attributable to their position within the Company. Directors' fees or emoluments for Director

D Alcock was 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 5 (2019: 6). 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.

	2020	2019
	Number	Number
Administration	2	2
Operational	3	4
	<u>5</u>	<u>6</u>
	£'000	£'000
Wages and salaries	503	463
Social security costs	63	68
Other pension costs	195	159
Total staff costs	<u><u>761</u></u>	<u><u>690</u></u>

6. Interest receivable and similar income

	2020	2019
	£'000	£'000
Interest receivable from group undertakings	28	143
Total interest receivable	<u><u>28</u></u>	<u><u>143</u></u>

7. Interest Payable and similar charges

	2020	2019
	£'000	£'000
Unwinding of discount on provisions (Note 14)	383	324
Other interest payable	15	-
Total interest payable	<u><u>398</u></u>	<u><u>324</u></u>

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Notes to the Financial Statements
for the year ended 31 December 2020

8. Taxation

The tax credit comprises:

	2020	2019
	£'000	£'000
Current tax:		
UK corporation tax on profits of the year	-	-
Adjustments in respect of previous periods	266	3,474
	<u>266</u>	<u>3,474</u>
Total current tax	266	3,474
	<u>266</u>	<u>3,474</u>
Tax credit in the profit and loss	<u>266</u>	<u>3,474</u>

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% (2019: 19.00%).

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

	2020	2019
	£'000	£'000
Reconciliation of tax credit		
Loss before tax	<u>(403)</u>	<u>(1,269)</u>
Loss multiplied by rate of corporation tax of 19.00% (2019: 19.00%)	77	241
Expenses not allowable of tax	(69)	(241)
Deferred tax not recognised	(27)	-
Changes in tax rates for deferred tax	19	
Adjustments in respect of previous periods	266	3,474
	<u>266</u>	<u>3,474</u>
Tax credit in the profit and loss	<u>266</u>	<u>3,474</u>

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Notes to the Financial Statements
for the year ended 31 December 2020

9. Inventories

	2020	2019
	£'000	£'000
Work in progress	20,939	17,534
	<u>20,939</u>	<u>17,534</u>

Inventories represents land held for redevelopment purposes. In the financial year, costs of £3,405,000 (2019: £2,744,000) incurred in redeveloping the land for residential and commercial use.

10. Debtors

	2020	2019
	£'000	£'000
Trade debtors	6	4
Amounts owed by group undertakings	14,275	18,482
Amounts owed by group undertakings – interest	6	6
VAT recoverable	169	164
Group relief tax receivable	3,740	3,474
Prepayments	63	68
	<u>18,259</u>	<u>22,198</u>

All amounts are due within one year.

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.

Included within 'Amounts owed by group undertakings - interest' 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.

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Notes to the Financial Statements
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11. Creditors: due within one year

	2020	2019
	£'000	£'000
Trade creditors	-	17
Amounts owed to group undertakings – cost recharges	197	167
Deferred income and accruals	1,225	820
	<u>1,422</u>	<u>1,004</u>

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.

12. Share Capital

	2020	2019
	£000	£000
<i>Authorised</i>		
1,003 ordinary shares of £1 each	<u>1</u>	<u>1</u>
<i>Called up, allotted and fully paid</i>		
1,003 ordinary shares of £1 each	<u>1</u>	<u>1</u>

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

13. 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 (2019: £4,000).

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Notes to the Financial Statements

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14. Provision

	2020 £000	2019 £000
<u>Decommissioning provision</u>		
Opening – 1 January	2,956	5,417
Utilised	(1,396)	(2,509)
Charged to the income statement	198	-
Finance Costs	23	48
	<u>1,781</u>	<u>2,956</u>
Closing – 31 December	1,781	2,956
<u>Analysed as</u>		
Current provision	1,312	2,019
Non-current provision	469	937

The provision relates to the finalisation of the decommissioning and demolition of the Power Station. The provision is based on the expected costs outlined within the demolition contract entered into with a specialist demolition contractor and either incurred internally or externally via third-party contractor costs during decommissioning and demolition. The demolition project is expected to be completed by the end of Q1 2022 and the provision will be utilised over this period.

During the year, an amount of £1,396,000 (2019: £2,509,000) 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 £23,000 (2019: £48,000).

Restoration Provision

Opening – 1 January	20,556	20,280
Finance Costs	360	276
Closing – 31 December	20,916	20,556
<u>Analysed as</u>		
Current provision	12,578	-
Non-current provision	8,338	20,556

The restoration provision relates to the restoration of the land on which the Power Station was situated. Costs within the provision include the expected cost of restoring the land based on an estimate provided by an industry specialist, third-party contractor quotations and internal expenses. The land restoration project is expected to be completed by the end of Q1 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 £360,000 (2019: £276,000).

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 discount rate of 1.24% (2020 to 2022).

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Notes to the Financial Statements

for the year ended 31 December 2020

15. Contingencies

On 17 December 2020 at the request of the Company, ENGIE Invest International S.A. (the "Guarantor") increased the counter-guarantee in favour of Environment Agency (the "Beneficiary") for an amount of £48,494 to a new amount of £4,324,743. An amended 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 extended period from 21 March 2020 to 31 March 2022.

16. Post Balance Sheet Events

Following the announcement in July 2020 of a new strategic orientation to simplify the ENGIE group and accelerate growth in renewables and infrastructure assets, ENGIE has delivered progress at pace, despite the challenging backdrop. A strategic review of part of the Client Solutions business was launched towards the potential creation of a new leader in multi-technical services, which would benefit from scale and strong growth prospects.

In February 2021, the employee representatives' consultation, related to the proposed organisation design for the new entity, was launched.

During June 2021 the ENGIE group announced that a new organisational structure had been established featuring four Global Business Units and newly-created EQUANS, a leader in delivering multi-technical services (of which this Company forms a part). The group also announced that EQUANS would operate as an autonomous entity within ENGIE, managed by its CEO Jérôme Stubler and his management team. EQUANS has 74,000 employees in 17 countries and an annual revenue of over €12 billion.

In November 2021, following the decision of its Board of Directors, and after a rigorous and competitive process, ENGIE announced that it had entered into exclusive negotiations with Bouygues for the sale of 100% of EQUANS for a valuation of €7.1 billion.

Bouygues is planning to create around EQUANS a global leader in multi-technical services, to which it will bring its own activity. It will provide a framework for EQUANS to develop and strengthen its position.

The proposed transaction is to be submitted to the relevant employee representative bodies for consultation and is expected to close in H2 2022, subject to regulatory approvals and customary closing conditions.

17. Related party transactions

As at 31 December 2020, 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 £0.8m (2019: £1.0m) from IPR. At the year-end the Company had amounts owing from IPR of £197,000 (2019: owing from IPR of £168,000).

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

Rugeley Power Limited
Registered No. 04212554

Notes to the Financial Statements
for the year ended 31 December 2020

18. Controlling party

The Company's immediate parent undertaking is IP Karugamo Holdings (UK) Limited, a Company registered in England and Wales, the registered address of which Rooms 481 - 499 Second Floor, Salisbury House, London Wall, London, EC2M 5SQ, 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 2020 and the year ended 31 December 2019. 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.