DocuSign Envelope ID: B2C79EC8-6EF8-4587-9B83-EB78C14C8B3B

Rugeley Power Limited

Registered number: 04212554

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

SATURDAY
ACIZW3FN
A12 23/12/2023 #29
COMPANIES HOUSE

Strategic Report

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 2022.

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 the 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 25MW 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 KPIs for the financial year under review following the decision by the Board to cease power generation in June 2016.

During the financial year, the 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 was commenced in Q2 of 2021 by an external contractor, and has now been substantially completed with sale negotiations nearing completion.

Results and dividends

The results of the Company are as follows:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Profit /(loss) for the financial year	150	(18,062)

As shown in the profit and loss account on page 10, the majority of costs incurred during the financial year ended 31 December 2022 were allocated to the restoration provision.

The balance sheet on page 11 of the financial statements shows the Company's financial position at the end of the current and preceding financial year. The Shareholder's funds have moved from £(2,983)k to £(2,833)k due to the profit for the year.

The Company does not have distributable reserves. No dividend is proposed for the current financial year (2021: £nil).

Strategic report (continued)

Financial risk management, policies and objectives

The Company finances its decommissioning activities from an overdraft facility granted by ENGIE Treasury through its cash pool. 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 risk 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 pay amounts as they fall due. The Company's loan facility within the group cash pool is £40m. The forecast, taking account of reasonably possible changes to the decommissioning and restoration programme, shows that the Company, with access to the £40m cash pool facility will 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 2022 financial statements should the prospective sale not be completed. 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 meeting its obligations during this period and to allow remediation of the land for future development.

The Directors have received a letter of support from IP Karugamo Holdings (UK) Limited and have considered the ability of IP Karugamo Holdings (UK) Limited to provide the required financial support to the Company. They have satisfied themselves that IP Karugamo Holdings (UK) Limited 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. For further details, see 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's 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 place 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 ration 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 13 is based on the expected costs outlined with 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 was completed 28th September 2022 and the provision has been utilised over this period.

Strategic report (continued)

Financial risk management, policies and objectives (continued)

Decommissioning and restoration liabilities risk (continued)

This 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 has been substantially completed and the provision fully utilised in 2023. 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 Company's restoration and development obligations.

Health and 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 on-going basis to ensure awareness of safety issues.

Management continually reviews the Health and 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 4 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

Following a review of its global strategy, ENGIE SA, the ultimate parent of the Company has decided to dispose of the majority of the site. The future objective of the Company is to complete the site remediation work and achieve all regulatory approvals to allow the sale of the site to proceed.

A marketing exercise has commenced with Jones Lang Lassalle (JLL) to establish interest in the site and manage the sale process during 2023. Approximately four hectares of land will be retained by the Company for the development of a Battery Energy Storage System (BESS) in the future.

As part of the sale process the Riverside Park will be transferred to the Staffordshire Wildlife Trust (SWT) who will complete the works associated with the planning permission for that area of the site. The Company will continue to fulfil all of its obligations under its S106 consent, including those relating to the All Through School.

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 20 December 2023 and signed on its behalf by:

DocuSigned by:

10D4AF8CFDFC43C...

K. Dibble

Director

Directors' report

The Directors present their report and audited financial statements of Rugeley Power Limited (the Company) for the year ended 31 December 2022.

Information disclosed in the Strategic report

The following information has been disclosed in the Strategic report:

- Principal activities
- Business review
- Principal risks and uncertainties
- Employees
- Events after the end of the reporting period
- Future developments

Going concern

Given the nature of the current decommissioning and land restoration activity, and current health and economic crisis which have evolved during the financial year and 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.

The Directors have received a letter of support from IP Karugamo Holdings (UK) Limited and have considered the ability of IP Karugamo Holdings (UK) Limited to provide the required financial support to the Company. They have satisfied themselves that IP Karugamo Holdings (UK) Limited 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. For further details, see the Strategic report.

The Directors remain confident that both short-term liquidity and longer-term financing support is readily available from the ENGIE group, should this be required, and the Company has no significant reliance on third party debt. 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.

Directors

The Directors who held office during the financial year and up to the date of this report were as follows:

S. Gregory	(Appointed	31 January 2022, Resigned 4 February 2022)
C Macpherson	(Resigned	12 May 2022)
K. Dibble	(Appointed	13 May 2022)
D. Dupont	(Appointed	13 May 2022)
A. Pollins	(Resigned	12 May 2022)
C. Langdon	(Resigned	1 April 2022)

S. Gregory was Company Secretary until 12 May 2022 when N. Anderson was appointed, and who has continued to act for the remainder of the financial year and up to the date of this report.

Directors' indemnity provision

During the years ended 31 December 2022 and 2021 the Company has made qualifying third-party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

Directors' report (continued)

Share capital

During the years ended 31 December 2022 and 2021, the Company's share capital comprises ordinary shares of £1.00 each which rank pari passu with each other in respect of all rights, including dividends, voting and return of capital.

Dividends

The Company does not have distributable reserves. The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2022 (2021: £nil).

Financial instruments

The Company finances its decommissioning activities from an overdraft facility granted by ENGIE Treasury through its cash pool. 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.

Disclosure of information to the auditor

Ernst & Young LLP was the Company's statutory auditor for the year ended 31 December 2022. The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself 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.

Auditor

Pursuant to Section 485 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

By order of the Board

DocuSigned by:

10D4AF8CFDFC43C...

K Dibble
Director
20 December 2023

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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 Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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 in accordance with FRS101 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance;
- in respect of the financial statements, state whether applicable UK Accounting Standards, including FRS101, 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 appropriate to presume that the Company will not 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 company's 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic report, and Directors' report that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

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 2022 which comprise the Income statement, the Balance sheet, the Statement of changes in equity and the related notes 1 to 16, 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 2022 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. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2024.

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.

DocuSign Envelope ID: B2C79EC8-6EF8-4587-9B83-EB78C14C8B3B

Independent auditor's report to the members of Rugeley Power Limited (continued)

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 this gives rise to 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.

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 6, 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.

Independent auditor's report to the members of Rugeley Power Limited (continued)

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.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those related to reporting framework (United Kingdom Accounting Standards including FRS 101 "Reduced Disclosures Framework") and the relevant tax compliance regulations in the United Kingdom
- We understood how Rugeley Power Limited is complying with those frameworks by making enquires of management and those responsible for legal and compliance procedures
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by assessing the risk of fraud absent of controls and then identifying controls which are in place at the entity level and whether the design of these controls is sufficient for the prevention and detection of fraud, utilising internal and external information to perform our fraud risk assessment. We considered the risk of fraud through management override and considered the design and implementation of controls at the financial statement level to prevent this, as well as incorporating data analytics to test manual journal entries into our audit approach.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entries testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business, enquiries of the legal counsel and management, reviewing the inspection documents and evidence of compliance with relevant ISO standards.

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

Use of our report

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

Ernst + Young LLP

Caroline Mulley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
20 December 2023

Income Statement
for the year ended 31 December 2022

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Operating costs (excluding exceptional charges)		**(778)**	(697)
Exceptional charges and movements on provisions and inventories		**2,805**	(21,630)
Operating profit/(loss)	**2**	**2,027**	(22,327)
Interest receivable and similar income	**5**	**4**	2
Interest payable and similar expenses	**6**	**(30)**	(68)
Profit/(loss) before taxation		**2,001**	(22,393)
Taxation	**7**	**(1,851)**	4,331
Profit/(loss) and total comprehensive profit/(loss) for the financial year		**150**	(18,062)

All results in the current and preceding year were derived from discontinued operations.

The notes on pages 13 to 24 form part of these financial statements.

There was no other comprehensive income attributable to the shareholders of the Company other than the profit for the financial year ended 31 December 2022 of £150,000 (2021: loss £18,062,000). Accordingly, no separate Statement of comprehensive income has been prepared.

Balance sheet
as at 31 December 2022

	Note	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Current assets			
Inventories	8	**28,192**	25,323
Debtors- due within one year	9	**3,699**	12,676
Total current assets		**31,891**	37,999
Total assets		**31,891**	37,999
Current liabilities			
Creditors: amounts falling due within one year	10	**(26,501)**	(15,470)
Net current assets		**5,390**	22,529
Total assets less current liabilities		**5,390**	22,529
Creditors: amounts falling due after more than one year			
Provision	13	**(8,223)**	(25,512)
Net assets		**(2,833)**	(2,983)
Capital and reserves			
Called up share capital	11	**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		**(153,421)**	(153,571)
Equity shareholder's funds		**(2,833)**	(2,983)

The notes on pages 13 to 24 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 20 December 2023 and signed on its behalf by:

DocuSigned by:

10D4AF8CFDFC43C...

K Dibble
Director

Statement of changes in equity
for the year ended 31 December 2022

	Share capital	Share premium	Profit and loss account	Special reserve	Share based payments	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Equity shareholders' funds 1 January 2021	1	129,000	(135,509)	20,439	1,148	15,079
Loss for the financial year	-	-	(18,062)	-	-	(18,062)
Total comprehensive loss for the financial year	-	-	(18,062)	-	-	(18,062)
Equity shareholders' funds at 31 December 2021	1	129,000	(153,571)	20,439	1,148	(2,983)
Equity shareholders' funds 1 January 2022	1	129,000	(153,571)	20,439	1,148	(2,983)
Profit for the financial year	-	-	150	-	-	150
Total comprehensive profit for the financial year	-	-	150	-	-	150
Equity shareholders' funds at 31 December 2022	**1**	**129,000**	**(153,421)**	**20,439**	**1,148**	**(2,833)**

Special reserve
On the 5th September 2001, a court order was obtained to reduce the Company's share capital and convert it 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 Profit and loss account reserve represents cumulative profits and losses arising from ordinary activities. There are no unrealised profits or losses included in the profit and loss account reserve.

The notes on pages 13 to 24 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2022

1. Accounting policies

General information

Rugeley Power Limited (the Company) is a private company, limited by shares, incorporated and domiciled in the United Kingdom, and registered in England and Wales. The address of its registered office is Rooms 481-499, Second Floor, Salisbury House, London Wall, London, EC2M 5SQ, United Kingdom. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 1.

These financial statements are separate financial statements. The Company's results are included in the group accounts of ENGIE S.A.. The group accounts of ENGIE S.A. are available to the public and can be obtained as set out in note 16.

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.

a. Basis of preparation

The financial statements have been prepared in accordance with FRS 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:

- financial instruments as required by IFRS 7 Financial Instruments: Disclosures;
- financial instrument valuation techniques and inputs used for fair value measurement as required by IFRS 13 Fair Value Measurement;
- 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)
- the requirements of IAS 7 Statement of Cash Flows to present a statement of cash-flows for the period and the disclosure of cash flow information;
- the IAS 1 paragraph 16 requirement to state compliance with all the requirements of IFRSs;
- the IAS 1 paragraphs 134 to 136 requirement to disclose the entity's objectives, policies and processes for managing capital;
- 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; and
- the requirements in IAS 24 Related Party Disclosures for related party transactions entered into between two or more members of a group, and the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures (key management compensation).
- 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.

Notes to the financial statements (continued)

For the year ended 31 December 2022

1. Accounting policies (continued)

a) 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 £GBP 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 where otherwise stated.

b) Going concern

Given the nature of the current decommissioning and land restoration activity, and current health and economic crisis which have evolved during the financial year and 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.

The Directors have received a letter of support from IP Karugamo Holdings (UK) Limited and have considered the ability of IP Karugamo Holdings (UK) Limited to provide the required financial support to the Company. They have satisfied themselves that IP Karugamo Holdings (UK) Limited 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. For further details, see the Directors' report.

The Directors remain confident that both short-term liquidity and longer-term financing support is readily available from the ENGIE group, should this be required, and the Company has no significant reliance on third party debt. 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.

c) Critical accounting estimates and judgements

The preparation of the financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, and contingent assets and liabilities at the balance sheet date, as well as income and expenses reported during the period.

The Company regularly revises its estimates in light of currently available information because of uncertainties inherent in the estimation process. Final outcomes could differ from those estimates.

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:

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 provision as at 31 December 2022 was £8,223,000 (2021: £25,512,000) as outlined in Note 13.

Notes to the financial statements (continued)

For the year ended 31 December 2022

1. Accounting policies (continued)

c) Critical accounting estimates and judgements (continued)

Carrying value of land

Management have made key assumptions regarding the valuation of the land, held as Inventories "Work in progress" in Note 8, 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 per 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.

d) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

e) Interest expense

Interest expense is accrued on a time 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.

f) Foreign currencies

In preparing the financial statements, transactions in foreign currencies are translated into the functional currency (£GBP) 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 which 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 cost).

g) 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 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.

As the Company has no direct employees, it has no direct IAS 19 liability. However, International Power Limited 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 for the Company. Accordingly, the Company accounts for the scheme as if it were a defined contribution scheme.

During the year, International Power Limited has paid contributions to the International Power section of the ESPS ("the Scheme") as advised by its actuary £1.1m (2021: £3.6m). Rugeley Power Limited contributed £nil (2021: £nil).

Notes to the financial statements (continued)

For the year ended 31 December 2022

1. Accounting policies (continued)

g) Pension costs (continued)

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 2021 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 2021, updated by independent qualified actuaries to reflect the requirements of IAS 19.

The amount of any funding deficit identified by the Scheme actuary is takin into account when determining the contribution rate applying to all employers participating in the Scheme. Following the 2021 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 Limited, the employer who sponsor the Scheme, expects to make contributions to the Scheme of approximately £1.1m during 2023 (2022: £8m).

Financial assumptions used to determine Benefit Obligation

	2022	2021
	%	%
Discount rate	**1.25**	1.85
Rate of increase in salaries	**3.55**	3.85
Inflation rate	**3.05**	3.35
Rate of increase of pensions in payment	**3.35**	2.9
Rate of increase in deferred pensions	**3.05**	3.35

Scheme assets are stated at their market value at 31 December 2022

	2022	2021
	£m	£m
Equities	**72**	120
Bonds (excluding pooled liability driven investment portfolio)	**91**	151
Real estate	**18**	30
Pooled liability driven investment portfolio	**88**	148
Other	**9**	14
	278	463

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

	2022	2021
	£m	£m
Total market value of assets	**278**	463
Present value of scheme liabilities	**(188)**	(406)
Surplus in the scheme	**90**	57
Related deferred tax asset	**-**	-
Net pension surplus	**90**	57

Notes to the financial statements (continued)

For the year ended 31 December 2022

1. Accounting policies (continued)

h) 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 assessment of the time value of money and, where appropriate, the risk 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 date, 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.

i) Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or as asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probably that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused 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 ad 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 income taxes relate to the same fiscal authority.

Notes to the financial statements (continued)

For the year ended 31 December 2022

1. Accounting policies (continued)

j) 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.

k) Inventories

Inventories represents land held for redevelopment purposes and the costs incurred in redeveloping the land for residential and commercial use. In the financial year, cost of £2,869,000 (2021: £4,384,000) were incurred in redeveloping the land. Refer to Note 8 for further information.

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

l) 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. Balance 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 again administrative expenses.

m) 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.

n) 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 change in value.

o) 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.

p) Exceptional items

The Company presents exceptional items on the face of the Income statement. These are 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, and to facilitate comparison with prior periods and to assess better trends in financial performance.

Notes to the financial statements (continued)

For the year ended 31 December 2022

1. Accounting policies (continued)

q) Operating profit

Operating profit is stated before interest income and interest payable.

2. Operating profit/(loss)

This is stated after (crediting)/charging:

	2022	2021
	£'000	£'000
Increase in restoration provision	-	10,300
Restoration provision movement from reversal of excess accruals	(2,805)	-
Settlement of third party dispute over costs	-	11,330
Staff costs (see Note 4)	762	798
Fees paid to the Company's auditor for the audit of the financial statements	25	25

3. 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 (2021: £25,000).

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

4. Directors' and employees' remuneration

The Directors did not receive any fees or emoluments from the Company during the year (2021: £nil) directly attributable to their position within the Company. In both 2022 and 2021 all Directors' fees or emoluments were paid but not recharged, by other ENGIE group companies and the amount attributable to the qualifying services provided by the Directors to the Company cannot be reliably estimated (2021: same).

	2022	2021
	Number	Number
Administration	2	2
Operational	5	2
	7	4

	2022	2021
	£'000	£'000
Wages and salaries	568	429
Termination costs	-	159
Social security costs	72	67
Other pension costs	122	143
Total staff costs	762	798

Notes to the financial statements (continued)

For the year ended 31 December 2022

5. Interest receivable and similar income

	2022 £'000	2021 £'000
Interest receivable from group undertakings	**4**	2
	4	2

6. Interest payable and similar charges

	2022 £'000	2021 £'000
Unwinding of discount on provisions (Note 13)	**-**	-
Other interest payable	**30**	68
	30	68

7. Taxation

The tax credit comprises:

	2022 £'000	2021 £'000
Current tax:		
UK Corporation tax group relief on losses of the year	**(32)**	4,331
Deferred tax	**-**	-
Adjustments in respect of previous periods	**1,883**	-
Total current tax	**1,851**	4,331

The applicable statutory tax rate for the period and prior period was 19%.

	2022 £'000	2021 £'000
Reconciliation of the total tax credit		
Profit/(loss) before tax	**2,001**	(22,393)
Current tax charge at 19% (2021: 19%)	**380**	4,255
Deferred tax not recognised	**(412)**	76
Adjustments in respect of previous periods	**1,883**	-
Taxation	**1,851**	4,331

Notes to the financial statements (continued)

For the year ended 31 December 2022

8. Inventories

	2022	2021
	£'000	£'000
Work in progress	28,192	25,323
	28,192	25,323

Inventories represents land held for redevelopment purposes. In the financial year, costs of £2,869,000 (2021: £4,384,000) were incurred in redeveloping the land for residential and commercial use.

9. Debtors

	2022	2021
	£'000	£'000
Trade debtors	-	119
Amounts owed by group undertakings	-	3,828
Amounts owed by group undertakings – interest	-	6
VAT recoverable	1,218	856
Group relief tax recoverable	2,478	7,851
Prepayments	3	16
	3,699	12,676

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.A.R.L.. Cash on deposit is repayable on demand, and £GBP 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 Limited in respect of amounts to be claimed for as group relief. For administrative ease, International Power Limited 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 to their fair value.

Notes to the financial statements (continued)

For the year ended 31 December 2022

10. Creditors: due within one year

	2022	2021
	£'000	£'000
Trade creditors	**11,759**	1,229
Amounts owed to group undertakings – overdraft	**10,089**	-
Amounts owed to group undertakings – cost recharges	**1,258**	12,468
Accruals	**3,395**	1,773
	26,501	15,470

Included within "Amounts owed to group undertakings – cost recharges" are costs to be recharged from International Power Limited for payroll costs and other directly attributable costs. In 2021 this category also included amounts due to Equans Regeneration Limited for services provided in relation to the land reclamation. Due to a change in the group structure, these amounts are included within trade creditors in 2022.

The Company participates in the ENGIE Group's cash pooling arrangement. An overdraft facility of £40m within the pool has been made available.

Due to their short maturities, the Directors consider that the carrying value of the trade and other payable 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 £GBP.

11. Share capital

	2022	2021
	£'000	£'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 dividends, voting and return of capital.

12. Pension arrangements

The Company operates a defined contribution pension scheme, the assets of which are held separately from those of the Company. Employer contributions to the scheme during the year were £nil (2021: £nil).

Notes to the financial statements (continued)

For the year ended 31 December 2022

13. Provision

	2022	2021
Decommissioning provision	**£'000**	**£'000**
Opening – 1 January	**470**	1,781
Utilised	**(470)**	(908)
Charged to the Income statement	-	(403)
Closing – 31 December	-	470
Analysed as:		
Current provision	-	470
	-	470

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 was completed September 2022 and the provision has been utilised over this period.

During the year £470,000 (2021: £908,000) in respect of costs incurred for demolition, including staff costs associated with this work was utilised against the provision. The impact of the unwinding discount movement on the provision was a charge to the provision of £nil (2021: £nil).

	2022	2021
Restoration provision	**£'000**	**£'000**
Opening – 1 January	**25,042**	20,916
Utilised	**(16,819)**	(6,238)
Charged to the income statement	-	10,300
Finance costs	-	64
Closing – 31 December	**8,223**	25,042
Analysed as:		
Current provision	**8,223**	17,028
Non-current provision	-	8,014
	8,223	25,042

Notes to the financial statements (continued)

For the year ended 31 December 2022

13. Provision (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 during 2023, and the provision will be utilised over this period. The impact of the unwinding discount movement on the provision was a charge to the provision of £nil (2021: £64,000).

The provision has been made for the net present value of the estimated cost of decommissioning and restoration using an annual inflation rate of 9.22% and a discount rate of 1.24% (2021 to 2023).

14. Contingencies

On 22 February 2023 at the request of the Company, ENGIE Invest International S.A. ("the Guarantor") renewed the counter-guarantee in favour of the Environment Agency (the "beneficiary") for an amount of £4,584,844. An amended Letter of Credit was issued by BNP Paribas (London) to the benefit of the Environment Agency, covering the obligations of Rugeley Power Limited until 31 March 2024.

15. Related party transactions

As at 31 December 2022, 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 Limited group of companies.

International Power Limited ("IPR") indirectly owns 100% of the Company, and charges the Company for payroll costs. In the normal course of business, the Company purchased services amounting to £2.7m (2021: £0.8m) from IPR. At the year end, the Company had amounts owing from IPR of £nil (2021: £1,138,000), and amounts owing to IPR of £nil (2021: £nil).

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

16. Controlling party

The Company's immediate parent undertaking is IP Karugamo Holdings (UK) Limited, a company registered in England and Wales, with it registered address 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 is 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 years ended 31 December 2022 and 31 December 2021. The consolidated financial statements of ENGIE S.A. may be obtained from its registered office at 1 Place Samuel de Champlain, 92400 Courbevoie, Paris, France.