Registration number: 04508350

Plus Shipping Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

Plus Shipping Services Limited
Contents

	Page(s)
Strategic Report for the year ended 31 December 2018	1 - 2
Directors' Report for the year ended 31 December 2018	3 - 6
Independent Auditors' Report to the members of Plus Shipping Services Limited	7 - 9
Profit and Loss Account for the year ended 31 December 2018	10
Balance Sheet as at 31 December 2018	11
Statement of Changes in Equity for the year ended 31 December 2018	12
Notes to the Financial Statements for the year ended 31 December 2018	13 - 21

Plus Shipping Services Limited
Strategic Report for the year ended 31 December 2018

The directors present their Strategic Report on Plus Shipping Services Limited ("the Company") for the year ended 31 December 2018.

Business review and future developments

The Company provides gas shipping services in return for a fixed monthly management fee.

The Company receives the gas commodity, network and transportation costs associated with the supply of gas to the customers of Gas Plus Supply Limited (GPS) and raises invoices equivalent to these costs to Npower Northern Limited, another group company. Npower Northern Limited onward invoices GPS for the consumption of gas by their customers, thereby accumulating both the costs and revenue associated with this consumption within one legal entity.

Future operating profitability is expected to remain at current levels for the foreseeable future, reflecting the commercial terms of the ongoing 20 year supply arrangement agreed in 2013 between Npower and GPS.

In March 2018, RWE, which owns 76.8% of innogy SE, and fellow German utility, E.ON, agreed to a complex asset swap transaction. The main elements of this transaction are that E.ON will acquire innogy SE's Grid & Infrastructure and Retail businesses and in return, RWE will take on both E.ON and innogy SE's renewables businesses. RWE will also receive a 16.67% stake in E.ON. The deal is contingent on receiving approval the relevant authorities.

The UK is due to leave the European Union on 31st October 2019. The effects of 'Brexit' on the npower Retail Group have been considered but at the date of signing are not believed to have a significant impact mainly as the npower Retail Group operates predominantly within the UK.

Whilst the Company remains part of the innogy SE group of companies it is funded by its parent on an ongoing basis through a cash management agreement providing access to multi-million pound funding on a daily basis as required to meet its daily working capital requirements. Following the transfer to E.ON a similar arrangement is expected to be in place..

Position of the business

The Company's loss for the financial year ended 31 December 2018 was £32k (2017: loss of £377k). The net assets of the Company at 31 December 2018 were £23.8m (2017: £23.8m).

Principal risks and uncertainties
The management of the business and the execution of the Company's strategy are subject to a number of risks. These risks are not managed on a legal entity basis, but overseen for the npower Retail Group as a whole.

The npower Retail Group continues to invest in a formal, regular risk assessment process to identify, monitor and mitigate as far as possible any risk that should arise. These are formally reviewed and assessed by the Board on a quarterly basis and actions taken as appropriate.

The key business risk affecting the npower Retail Group is the competitive retail market which could impact the Company's ability to achieve its targets for customer numbers and/or gross margin per customer. The main external uncertainties faced are: the impact of energy efficiency initiatives and the strength of the economy on customer consumption; volatility in wholesale energy prices; and the level of network and environmental charges. Furthermore, the Company has a number of operational risks as part of its end-to-end processes. Detailed discussions of these risks and opportunities, in the context of the innogy SE Group as a whole are provided on pages 97 through 105 of the innogy SE 2018 Annual Report, which is available in the investor relations section of the innogy.com website.

In line with the requirements of the German Corporate Control and Transparency Act (KonTraG), the Company's risk management system enables the directors to identify risks at an early stage and initiate mitigating action where necessary.

Key performance indicators (KPIs)
The directors of the Company do not primarily focus their management of the activities of the Company or wider group on a legal entity basis. Instead business performance is monitored and assessed at a segmented level, which when aggregated covers all of the npower Retail Group's commercial activities in the UK. These segments are supported by a number of central functions that provide a range of services including finance, tax, strategy and HR. Each segment is managed in particular against a number of key performance indicators that cover a range of financial, service delivery, efficiency and operational measures. The operations and activities of the Company and the other entities within the Group are allocated across these segments. Therefore the Company's directors do not set KPIs at a legal entity level, and as a result such KPIs are not presented for the Company.

Approved by the Board on 27/6/2019 and signed on its behalf by:

P. Sharman

....
Mr P Sharman
Director

Plus Shipping Services Limited
Directors' Report for the year ended 31 December 2018

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

Principal activities
The principal activities of the Company is the shipment of gas to another company for the onward sale of gas to domestic customers.

Dividends
The directors do not recommend the payment of a dividend (2017: £nil).

Directors of the Company
The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Mr P Sharman

Mr S Stacey

Directors' indemnity
The directors have the benefit of the indemnity provision contained in the Company's Articles of Association. This provision was in force throughout the last financial year and is currently in force. This provision is a qualifying third party indemnity provision under section 234 of the Companies Act 2006. The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Future developments
Further details of significant changes in the future developments of the Company are provided in the Strategic Report on page 1.

Going concern
The financial statements have been prepared on a going concern basis which assumes that the Company will continue to trade. The basis of this assumption depends on the support of Npower Group Limited. Npower Group Limited has indicated that it intends to provide such funds as are necessary for the Company to trade for the period of a year after the date of signing the financial statements. Npower Group Limited had net current liabilities of £348m as at 31 December 2018, however Npower Group Limited has received a letter of support from innogy SE indicating that it intends to provide such funds as are necessary for Npower Group Limited to trade for the period of a year after the date of signing financial statements.

The proposed transaction between RWE and E.ON, as described on page 4, will see innogy SE, and therefore the Company, as its indirect wholly owned subsidiary, transfer to E.ON in 2019 as part of an asset swap deal. E.ON will become the majority shareholder in innogy SE as part of the asset swap deal, however it is not currently known how the legal entity of innogy SE will be integrated into E.ON. If innogy SE is merged with an E.ON group company then it becomes the legal successor of innogy SE and under German law the contracts and liabilities of the acquired group are transferred to the acquiring party, therefore the letter of support from innogy SE will be transferred to E.ON. If innogy SE is not merged with an E.ON group company then the letter of support would continue to be valid with innogy SE. The directors are of the opinion that both E.ON and innogy SE would be able to access external sources of finance and with sufficient liquidity to meet its operating needs. Management however recognise that there is uncertainty regarding the future of the Company within E.ON until an announcement is made by E.ON as to its intentions towards the npower Retail Group going forward.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Nevertheless, having considered the uncertainties described above and after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Long term viability statement
The Company is a 100% owned subsidiary of the innogy SE group. The innogy SE group is majority owned by the RWE group following a successful IPO in 2016. innogy SE group had a market capitalisation of €22.4billion at 2018 year end (2017: €18.2 billion) and employs around 43,000 employees. innogy SE group supplies over 15 million customers with electricity and over 6 million with gas in eleven European countries, its key markets being in Germany, the Netherlands and the United Kingdom. In the year 2018, the innogy SE group recorded €37.0 billion (2017: €43.1 billion) in revenue, and had a loss after tax of approximately €0.3 billion (2017: profit €1.1 billion). Being a large group, innogy SE manages its financial resources with a Group Treasury function. This function allocates financial resources across the Group to meet all financial obligations in a timely fashion.

In March 2018, RWE, which owns 76.8% of innogy SE, and fellow German utility, E.ON, agreed to a complex asset swap transaction. The main elements of this transaction are that E.ON will acquire innogy SE's Grid & Infrastructure and Retail businesses and in return, RWE will take on both E.ON and innogy SE's renewables businesses. RWE will also receive a 16.67% stake in E.ON. The deal is contingent on receiving approval from the relevant authorities.

Whilst the Company remains part of the innogy SE group of companies it is funded by its parent on an ongoing basis through a cash management agreement providing access to multi-million pound funding on a daily basis as required to meet its daily working capital requirements. Following the transfer to E.ON the same or similar arrangements are expected to be in place.

Financial risk management

Capital management
The Company's objectives, policies and processes for managing capital are consistent with those of the innogy SE Group. Detailed discussions of these, in the context of the innogy SE Group as a whole, are provided on pages 97 to 105 of the innogy SE 2018 Annual Report.

Credit risk
The npower Retail Group of companies has a policy of requiring appropriate credit checks on customers prior to establishing credit terms and payment method. Credit insurance and security deposits are arranged depending upon a combination of the credit rating and the projected annual spend. For all new customers with an annual spend in excess of predetermined limits, commodity risk control are required to sign off the account prior to acceptance.

Cash at bank and in hand comprises cash in hand and deposits which are readily convertible to cash and are subject to insignificant risk of change in value or credit risk.

Liquidity risk
The Company forms part of the Npower Group Limited treasury arrangements, which actively manages a mixture of finance to ensure that the group has sufficient liquid resources to manage its current and future operational requirements.

Securities price risk
The Company has no significant exposure to equity securities price risk as it holds no material listed or other equity investments.

Interest rate cash flow risk
The Company has interest-bearing assets and liabilities. Interest-bearing assets include loans to group undertakings. Interest-bearing liabilities include loans from group undertakings. Interest on loans is fixed which minimises the interest rate risk faced by the Company.

Financial risk management (continued)

General risk management
As a subsidiary of innogy SE, the Company complies with the Risk Management Directive of innogy SE, which embodies the relevant provisions of the German Law on Corporate Control and Transparency (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich), together with the German Stock Corporation Act (Aktiengesetz) and the German Commercial Code (Handelsgesetzbuch). Compliance is achieved within the Company through the application of a tri-partite system of three separate but supportive elements, namely a risk controlling/early warning system, an internal control system and an internal audit process.

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

Plus Shipping Services Limited
Directors' Report for the year ended 31 December 2018 (continued)

Statement of disclosure of information to the auditors
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board on ....27/6/2019.................. and signed on its behalf by:

....
Mr P Sharman
Director

Report on the audit of the financial statements

Opinion

In our opinion, Plus Shipping Services Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2018; the Profit and Loss Account and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The company is reliant on a letter of support with its parent, Npower Group Limited, who in turn are reliant on the support of its parent, Innogy SE for funding in order to continue operating for at least 12 months from the date of this report. Due to the proposed transaction between RWE and E.On which will see Innogy SE and therefore Npower transfer to E.On in 2019, management believe the letter of support will transfer to E.On under German law. Whilst the directors are of the opinion that E.On will be able to access external sources of finance to support Npower, the availability, extent and timing of such funding is uncertain. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

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

Plus Shipping Services Limited
Independent Auditors' Report to the members of Plus Shipping Services Limited (continued)

Use of this report
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Steven Kentish (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

Date: 27 June 2019

Plus Shipping Services Limited
Profit and Loss Account for the year ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Turnover	4	330	330
Cost of sales		(300)	(300)
Operating profit		30	30
Interest receivable and similar income	5	14	58
Interest payable and similar expenses	6	(67)	(449)
Administrative expenses		(1)	-
		(54)	(391)
Loss before taxation		(24)	(361)
Tax on loss	10	(8)	(16)
Loss for the financial year		(32)	(377)

The above results were derived from continuing operations.

There are no further items which would be included in other comprehensive income so no separate statement of comprehensive income has been prepared.

The notes on pages 13 to 21 form an integral part of these financial statements.

Plus Shipping Services Limited
Balance Sheet as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Debtors: Amounts falling due within one year	11	22,012	3,901
Debtors: Amounts falling due after more than one year	12	18,551	20,120
Total assets		40,563	24,021
Creditors: Amounts falling due within one year	13	(16,766)	(192)
Net assets		23,797	23,829
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account		23,797	23,829
Total shareholders' funds		23,797	23,829

The financial statements on pages 10 to 21 were approved by the Board on 27/6/2019 and signed on its behalf by:

....

Mr P Sharman

Director

Plus Shipping Services Limited registered company number: 04508350

The notes on pages 13 to 21 form an integral part of these financial statements.

Plus Shipping Services Limited
Statement of Changes in Equity for the year ended 31 December 2018

	Called up share capital £ 000	Profit and loss account £ 000	Total Shareholders' funds £000
At 1 January 2018	-	23,829	23,829
Loss for the financial year	-	(32)	(32)
Total comprehensive expense for the year	-	(32)	(32)
At 31 December 2018	-	23,797	23,797

	Called up share capital £ 000	Profit and loss account £ 000	Total Shareholders' funds £ 000
At 1 January 2017	-	24,206	24,206
Loss for the financial year	-	(377)	(377)
Total comprehensive expense for the year	-	(377)	(377)
At 31 December 2017	-	23,829	23,829

Called up share capital consists of funds raised by the Company issuing shares in return for cash or other consideration.

Profit and loss account represents the retained earnings of the Company.

1 General information

The Company is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire
SN5 6PB
United Kingdom

The principal activity of the Company is the shipment of gas to another company for the onward sale of gas to domestic customers.

2 Accounting policies

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

Basis of preparation
These financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The financial statements were prepared under the historical cost convention.

Summary of disclosure exemptions
The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 33(c) of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations)

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

- IFRS 7 (Financial Instruments: Disclosures)

- Paragraph 38 of IAS 1 (Presentation of Financial Statements) to present comparative information in respect of:

    (i) paragraph 79(a)(iv) of IAS 1 (Presentation of Financial Statements)
    (ii) paragraph 73(e) of IAS 16 (Property, Plant and Equipment)
    (iii) paragraph 118(e) of (IAS 38 Intangible Assets)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)
- The following paragraphs of IAS 1 (Presentation of Financial Statements):

  (i) 10(d)
  (ii) 10(f)
  (iii) 16
  (iv) 38A
  (v) 38B-D
  (vi) 40A-D
  (vii) 111
  (viii) 134-136

- IAS 7 (Statement of Cash Flows)

- Paragraphs 30 and 31 of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors)

- Paragraph 17 of IAS 24 (Related Party Disclosures)

- The requirements in IAS 24 (Related Party Disclosures) to disclose related party transactions entered into between two or more members of a group.

Where required, equivalent disclosures are given in the group financial statements of innogy SE. The group financial statements of innogy SE are available to the public and can be obtained as set out in note 15.

Going concern
The financial statements have been prepared on a going concern basis which assumes that the Company will continue to trade. The basis of this assumption depends on the support of Npower Group Limited. Npower Group Limited has indicated that it intends to provide such funds as are necessary for the Company to trade for the period of a year after the date of signing the financial statements. Npower Group Limited had net current liabilities of £348m as at 31 December 2018, however Npower Group Limited has received a letter of support from innogy SE indicating that it intends to provide such funds as are necessary for Npower Group Limited to trade for the period of a year after the date of signing financial statements.

The proposed transaction between RWE and E.ON, as described on page 4, will see innogy SE, and therefore the Company, as its indirect wholly owned subsidiary, transfer to E.ON in 2019 as part of an asset swap deal. E.ON will become the majority shareholder in innogy SE as part of the asset swap deal, however it is not currently known how the legal entity of innogy SE will be integrated into E.ON. If innogy SE is merged with an E.ON group company then it becomes the legal successor of innogy SE and under German law the contracts and liabilities of the acquired group are transferred to the acquiring party, therefore the letter of support from innogy SE will be transferred to E.ON. If innogy SE is not merged with an E.ON group company then the letter of support would continue to be valid with innogy SE. The directors are of the opinion that both E.ON and innogy SE would be able to access external sources of finance and with sufficient liquidity to meet its operating needs. Management however recognise that there is uncertainty regarding the future of the Company within E.ON until an announcement is made by E.ON as to its intentions towards the npower Retail Group going forward.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Nevertheless, having considered the uncertainties described above and after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

2 Accounting policies (continued)

New standards, amendments and IFRS IC interpretations
No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018 have had a material impact on the company.

The IASB has adopted further Standards and amendments to Standards, which were not yet mandatory in the European Union (EU) in the year ending 31 December 2018. The most important changes are presented below. EU endorsement is still pending in some cases.

IFRS 9 Financial Instruments (2014) replaces the previous regulations of IAS 39 on financial instruments. The Standard contains amended regulations on measurement categories for financial assets and includes some smaller changes in relation to the measurement of financial liabilities. Fair value measurement without an effect on income is stipulated for certain debt instruments reported under assets. It also contains regulations on the impairment of assets and hedge accounting. The rules on impairment will now apply to expected losses. The new regulations on hedge accounting are intended to enable better reporting of the risk management activities in the financial statements. To this end, IFRS 9 expands the range of underlying transactions qualifying for hedge accounting and simplifies effectiveness testing, among other things. The new Standard became effective for fiscal years starting on or after 1 January 2018. No material changes have occurred with regard to the implementation of IFRS 9.

IFRS 15 Revenue from Contracts with Customers (2014) including Amendments to IFRS 15, Effective Date of IFRS 15 (2015) and Clarifications to IFRS 15 Revenue from Contracts with Customers (2016) has replaced the contents of IAS 18 Revenue and IAS 11 Construction Contracts and the corresponding Interpretations.

The new Standard does not distinguish between different types of orders and performance. It establishes uniform criteria as to when revenue is realised for a performance obligation at a point in time (as is the case for the npower Retail Group) or over time. Accordingly, revenue is to be recognised when the customer obtains control of the agreed goods and services and can benefit from such. Application of the new Standard is required for annual periods beginning on or after 1 January 2018. The Company applied the modified retrospective method as a transitional method for first-time application as of 1 January 2018. A review of pre-existing revenue recognition policies found no differences in application, therefore the introduction of IFRS 15 has not resulted in any changes for the Company.

IFRS 16 Leases (2016) replaces IAS 17 Leases and the related Interpretations IFRIC 4, SIC-15 and SIC-27. According to this new Standard on leases, aside from short-term leases (less than 12 months) and leases of low-value assets, all leases are to be reported on the balance sheet if their existence conveys a 'right-of-use' asset. Consequently, regardless of economic ownership of the leased asset, the lessee must recognise a right-of-use asset and a corresponding lease liability in the amount of the present value of the fixed lease payments.

For lessors, the new Standard does not result in any significant changes to the current accounting treatment pursuant to IAS 17 also in terms of classifying the lease, which is still necessary. The new Standard becomes effective for fiscal years starting on or after 1 January 2019, which is when npower will adopt the new standard. On transition, the modified retrospective method will be applied. There is no effect of IFRS 16 on the Company's financial statements.

2 Accounting policies (continued)

The following Standards, amendments to Standards, and Interpretations are not expected to have any material effects on npower Retail Group's consolidated financial statements:

• IFRS 17 Insurance Contracts (2017).
• Amendments to IFRS 9: Prepayment Features with Negative Compensation (2017).
• Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (2017).
• Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (2016).
• Annual Improvements to IFRS Standards 2014– 2016 Cycle (2016), which contains amendments and clarifications to IFRS 1 and IAS 28.
• Amendments to IAS 40 Transfers of Investment Property (2016).
• Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (2016).
• Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and an Associate or Joint Venture (2014). First-time application of these amendments in the EU was delayed indefinitely.
• IFRIC 22 Foreign Currency Transactions and Advance Consideration (2016).
• IFRIC 23 Uncertainty over Income Tax Treatments (2017).
• Annual Improvements to IFRS Standards 2015– 2017 Cycle (2017); this collective Standard contains amendments and clarifications to IFRS 3, IFRS 11, IAS 12 and IAS 23.
• Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (2018).

Turnover

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts and value added taxes. The Company recognises revenue when performance obligations have been satisfied and for the company this is when the goods or services have transferred to the customer and the customer has control of these. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Turnover is recognised at the point of supply of gas to another company for the onward sale of gas to domestic customers.

Interest

Interest receivable and payable is credited or charged to the Profit and Loss Account on an accruals basis.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2 Accounting policies (continued)

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business or amounts owed by group undertakings. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or amounts due to group undertakings. 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 the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3 Critical accounting judgements and key sources of estimation uncertainty

There are no critical accounting judgements or key sources of estimation uncertainty.

4 Turnover

The Company operates in one class of business, the shipment of gas to another company for the onward sale of gas to domestic customers, and in one geographical segment, the United Kingdom. The analysis of the Company's turnover for the year from continuing operations is as follows:

	2018 £ 000	2017 £ 000
Sale of goods	330	330

The Company has no contract assets or liabilities to disclose in respect of IFRS 15 for the 2018 financial year (2017: £nil).

5 Interest receivable and similar income

	2018 £ 000	2017 £ 000
Interest receivable on bank deposits	-	1
Interest receivable from group undertakings	14	57
	14	58

6 Interest payable and similar expenses

	2018 £ 000	2017 £ 000
Interest payable on bank overdrafts and borrowings	-	2
Interest payable to group undertakings	67	447
	67	449

7 Staff costs

As employees may work across several legal entities, average staff numbers have been deduced based on the average employee cost for the npower Retail Group. The notional average monthly number of persons employed by the Company are nil for the current and preceding year, which is reflective of the underlying activity of the Company.

8 Directors' remuneration

The Directors of Plus Shipping Services Limited received no remuneration (2017: £nil) from the Company. The Directors were remunerated for their services to the npower Retail Group as a whole, including Plus Shipping Services Limited, by other group companies and it is not possible to allocate their emoluments to Plus Shipping Services Limited.

The remuneration is unable to be allocated to individual entities as the npower Retail Group is not managed on a legal entity basis. Details of the directors' aggregate remuneration for the year ended 31 December 2018 are set out in the financial statements of Npower Limited together with details of the highest paid director in the npower Retail Group.

During the year the number of directors who were receiving benefits was as follows:

	2018 No.	2017 No.
Accruing benefits under defined benefit pension scheme	1	1
Accruing benefits under money purchase pension scheme	1	1

8 Directors' remuneration (continued)

During the year no directors (2017: nil) exercised share options in RWE AG the ultimate parent company. None (2017: nil) of the directors received or became entitled to receive aggregate cash payments in RWE AG under long-term incentive schemes in the financial year.

Further details of the nature and extent of share based payment arrangements have been disclosed in full within the financial statements of Npower Limited. The directors do not consider it necessary to provide separate disclosure within Plus Shipping Services Limited's financial statements as the amount is not material.

9 Auditors' remuneration

The audit fee for the Company was borne by Npower Limited, another npower Retail Group company, and not recharged (2017: same). No fees were paid to the auditors for non-audit services (2017: £nil).

10 Tax on loss

Tax charged in the profit and loss account:

	2018 £ 000	2017 £ 000
Current taxation		
Group relief payable	8	16

The tax assessed on the loss before taxation for the year is higher than the standard rate of corporation tax in the UK (2017: higher than the standard rate of corporation tax in the UK) of 19% (2017: 19.25%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Loss before taxation	(24)	(361)
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(4)	(70)
Expenses not deductible for tax purposes	12	86
Total tax charge	8	16

There is no unprovided deferred tax (2017: £nil).

Factors that may affect future tax charges
The tax rate for the current year is lower than the prior year due to changes in the UK corporation tax rate which decreased from 20% to 19% from 1 April 2017.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

11 Debtors: Amounts falling due within one year

	2018 £ 000	2017 £ 000
Trade debtors	165	198
Amounts owed by group undertakings	17,527	558
Other debtors	908	-
Value added tax	3,412	3,145
	22,012	3,901

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

12 Debtors: Amounts falling due after more than one year

	2018 £ 000	2017 £ 000
Loans owed by group undertakings	18,551	20,120

During 2017 the Group revised its financing arrangements. Cash surpluses and deficits in each Group company are now swept on a daily basis and recognised as loans owed to/by group undertakings. Interest is calculated on a daily basis and interest rates reflect the overall cost of borrowing or deposit rates and are updated where required. All loans within this financing arrangement mature on 30 December 2021.

The loans are unsecured and at 31 December 2018 bear interest at a rate of 0.58% (2017: 1.56%). Loans owed by group undertakings also include accrued interest receivable on the loan agreements.

13 Creditors: Amounts falling due within one year

	2018 £ 000	2017 £ 000
Trade creditors	-	31
Amounts owed to group undertakings	16,764	159
Bank overdrafts	2	2
	16,766	192

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

Amounts owed to group undertakings include £25k (2017: £16k) in respect of group relief payable.

Loans owed to group undertakings are unsecured and bear no interest.

14 Called up share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	1	1	1	1

15 Controlling parties

The Company is controlled by Npower Limited (the immediate parent) a company incorporated in the United Kingdom and registered in England and Wales.

The name of the parent undertaking of the smallest group in whose consolidated financial statements the Company's financial statements are consolidated is innogy SE, a company incorporated in Germany. These financial statements are available upon request from innogy SE, Opernplatz 1, D-45128 Essen, Germany.

The ultimate parent company and controlling party is RWE AG, a company incorporated in Germany, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of RWE AG consolidated financial statements can be obtained from RWE AG, Huyssenallee 2, 45128 Essen, Germany.