Registered No: 02464040

GDF SUEZ Teesside Limited

Annual Report and Financial Statements

For the year ended 31 December 2018

Director
S D Pinnell

Company Secretary
S Gregory

Auditor
Ernst & Young LLP
Statutory Auditor
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Manchester
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United Kingdom

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Strategic report

Registered No: 02464040

The director presents the Strategic report of GDF Suez Teesside Limited for the year ended 31 December 2018. In preparing the Strategic Report, the director has complied with S414(c) of the Companies Act 2006.

Principal activities, review of the business and future developments

GDF Suez Teesside Limited (the 'Company') decommissioned and demolished the power station and sold the gas pipelines, ceasing to trade in April 2015. On 31 July 2015 the Teesside Power Station site lease expired and the site was handed back to the landlord. As a result, these financial statements have been prepared on the basis that the Company is no longer a going concern. Further details are included in Note 1 to the financial statements.

The Company's key financial and other performance indicators during the year were as follows:

	2018	2017	Change %
Revenue (£'000)	-	-	0
Gross (loss)/profit (£'000)	(2)	8	()
(Loss)/profit before interest and tax (£'000)	(15)	19	()

The company ceased trading in April 2015, when it ceased to supply gas to third party offtakers from the gas pipeline.

The Company recorded a gross loss of £2,000 (2017: profit £8,000) mainly due to the reversal of over accrued rental fees in 2017 not repeated in 2018. The profit on operations before interest and tax in 2018 reduced to a loss of £15,000 (2017: profit of £19,000) due mainly to the the reversal of over accrued rental fees in 2017 not repeated in 2018.

The loss after tax in 2018 resulted in an decrease in the Company's net liabilities during the year to net liabilities of £72,448,000 (2017: £70,679,000), including cash and short term deposits of £7,882,000 (2017: £7,757,000).

The Director's current intention is to liquidate the Company on completion of all outstanding issues. Further details are included in note 1 to the financial statements.

Principal risks and uncertainties facing the Company

With the demolition of the power station and sale of the gas pipeline, the key risk to the Company is the loss of staff and corporate memory. The Company will continue to be managed by regional functional teams, with access to document archives and details of outstanding issues.

It is noted that HMRC have issued closure notices in respect of enquiries for 2006 to 2008 tax returns with specific reference to the operations of Teesside Recoveries and Investments Limited ("TRAIL"). In 2013, a provision for £75,996,000 being the tax and accrued interest on disputed taxable profits of the operations of Teesside Recoveries and Investments Limited was recognised. Following the enactment of the accelerated payments legislation in the Finance Act 2014, on 18 December 2014, HMRC issued accelerated payment notices to the Company for £60,016,000. The accelerated payment was made to HMRC on 18 March 2015 by the original owners of the Company. The Company recognised the reduction in the TRAIL provision by the accelerated payment amount and recognised a non-current liability for the same amount with the ultimate shareholders. On 5 October 2018 the Court of Appeal dismissed the company's appeal in the case of GDF Suez Teesside Ltd v Revenue and Customs Commissioners [2018] EWCA Civ 2075. On 12 March 2019 the Supreme Court refused the application for permission to appeal thereby bringing the case to an end. On 29 March 2019 HM Revenue & Customs advised that, following the Supreme Court's refusal to grant permission to appeal, a request for payment of the accrued interest would be issued. The value of accrued interest due was increased by £1,909,000 to agree to the HMRC calculation. At the date of sigining the accounts, no payment request has been received.

The Company's treasury policies seek to reduce and minimise financial risk and ensure sufficient liquidity for foreseeable needs. Virtually all transactions are in £ sterling, however, where appropriate the group hedges foreign exchange transactions to minimise exposure to foreign exchange movements.

Management information systems provide the executive management team and director with relevant and timely reports that identify significant deviations from approved plans and include regular re-forecasts for the year, in order to facilitate timely analysis and appropriate decisions and actions.

There is an ENGIE group instruction manual setting out policies and procedures with which the UK companies are required to comply. The executive management team are responsible for ensuring that the UK companies observe and implement the policies and procedures set out in the manual which is regularly reviewed and updated.

Strategic report (continued)

Registered No: 02464040

Events since the balance sheet date

There have been no events other than the Supreme Court ruling described above since the balance sheet date which should be considered for a proper understanding of these financial statements.

Employees

The Company had no employees (2017: nil) and incurred no related costs in the financial year (2017: nil).

Environmental policy

The Company is committed to reducing its impact on the environment. As part of this commitment the Company actively promotes and encourages energy efficiency and recycling wherever possible.

By order of the Board

S D Pinnell, Director

27 September 2019

Director's report

Registered No: 02464040

The director presents his annual report and the audited financial statements of the Company for the year ended 31 December 2018.

Matters included in the Strategic report

In accordance with s414(C) (11) of the Companies Act, included in the Strategic Report is information relating to principle risks and uncertainties, future developments and events since the balance sheet date which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (financial statements and reports) regulation 2008' to be contained in a Director's Report.

Results and dividends

The results for the year after taxation amounted to a loss of £1,769,000 (2017: loss of £190,000). This is all attributable to the members of the Company.

The director is unable to recommend the payment of a dividend (2017: same).

Going concern

As a result of the demolition of the power station site, expiry of the site lease, cessation of commercial operations in April 2015 and sale of the gas pipeline, these accounts have been prepared on the basis that the Company is no longer a going concern. The Director's current intention is to liquidate the Company on completion of all outstanding issues. Further details are included in note 1 to the financial statements.

Directors

The director who served during the year ended 31 December 2018 and thereafter was:

S D Pinnell

Disclosure of information to the auditor

Ernst & Young LLP was appointed as the Company's statutory auditor for the year ended 31 December 2018. The Director who held office at the date of approval of this Directors' report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and the Director has taken all the steps that he 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

Auditor

Pursuant to Section 485 of the Companies Act 2006, Ernst & Young LLP will be deemed to be appointed as the auditor.

The director who was a member of the board at the time of approving the director's report is included in the list above. Having made enquiries of fellow directors and of the Company's auditor, the director confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he has taken all the steps 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.

By order of the Board

S D Pinnell

Director

27 September 2019

Director's responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the director 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, International Accounting Standard 1 requires that director:

- properly selects and apply accounting policies;
- presents information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provides additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- makes an assessment of the Company's ability to continue as a going concern.

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

Independent auditor's report to the members of GDF SUEZ Teesside Limited

Opinion

We have audited the financial statements of GDF Suez Teesside Limited for the year ended 31 December 2018 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Anne Wong (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Manchester

27 September 2019

Income statement

For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Revenue		-	-
Cost of sales		(2)	8
Gross (loss)/profit		(2)	8
Administrative expenses		(13)	11
Operating (loss)/profit	3	(15)	19
Finance income	5	43	39
Finance costs	6	(2,209)	(300)
(Loss) before taxation		(2,181)	(242)
Tax credit	7	412	52
(Loss) for the year and total comprehensive income		(1,769)	(190)

All amounts relate to discontinued activities.

There were no items of comprehensive income in the current or prior year attributable to the shareholders of the Company other than the loss for the financial year and, accordingly, no statement of comprehensive income is presented.

Statement of financial position

As at 31 December 2018

	Note	At 31 December 2018 £'000	At 31 December 2017 £'000
Non-current assets			
Property, plant and equipment		-	-
Investments	8	-	-
Total non-current assets		-	-
Current assets			
Trade and other receivables	9	2	46
Cash and short term deposits	10	7,882	7,757
Total current assets		7,884	7,803
Current liabilities			
Trade and other payables	11	(1,147)	(851)
Corporation tax		(19,169)	(17,615)
Total current liabilities		(20,316)	(18,466)
NET CURRENT LIABILITIES		**(12,432)**	**(10,663)**
Non-current liabilities			
Interest bearing loans and borrowings	12	(60,016)	(60,016)
NET LIABILITIES		**(72,448)**	**(70,679)**
Capital and reserves			
Share capital	15	141,930	141,930
Share premium		94,000	94,000
Retained loss		(308,378)	(306,609)
TOTAL DEFICIT		**(72,448)**	**(70,679)**

The financial statements of GDF Suez Teesside Limited, registered number 02464040, were approved by the Director and authorised for issue on 27 September 2019.

They were signed by:

S D Pinnell

S D Pinnell
Director

Statement of changes in equity

for the years ended 31 December 2017 and 31 December 2018

	Note	Equity Share Capital	Share Premium	Retained Losses	Total Deficit
		£'000	£'000	£'000	£'000
At 1 January 2017		141,930	94,000	(306,419)	(70,489)
Loss for the year and total comprehensive loss		-	-	(190)	(190)
At 31 December 2017		**141,930**	**94,000**	**(306,609)**	**(70,679)**
At 1 January 2018		141,930	94,000	(306,609)	(70,679)
Loss for the year and total comprehensive loss		-	-	(1,769)	(1,769)
At 31 December 2018		**141,930**	**94,000**	**(308,378)**	**(72,448)**

Statement of cash flows

	Note	2018 £'000	2017 £'000
Operating activities			
(Loss) after taxation		(1,769)	(190)
Adjustments to reconcile profit after taxation to net cash flows from operating activities			
Finance income		(43)	(39)
Finance cost		2,209	300
Income tax charge		(412)	(52)
Decrease in provisions		-	-
Decrease in trade and other receivables		25	365
Decrease in trade and other payables		(4)	(31)
Cash generated from operations		**6**	**353**
Interest paid		-	-
Interest received		62	18
Tax received		57	29
Net cash flows from operating activities		**125**	**400**
Net increase in cash and cash equivalents		**125**	**400**
Cash and cash equivalents at 1 January		**7,757**	**7,357**
Cash and cash equivalents at 31 December	10	**7,882**	**7,757**

Notes to the financial statements

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

GDF SUEZ Teesside Limited is a private limited company limited by shares incorporated and domiciled in England & Wales.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to the Financial Statements of the Company for the year ended 31 December 2018. The principal accounting policies adopted by the Company are set out in note 2.

Going concern

The Teesside Power Station Site was returned to the owners at the expiry of the site lease term on 31 July 2015. The Company also gave notice to the gas transportation and supply customers that these services would cease in April 2015. The gas pipeline was decommissioned and sold to a third party on 7 August 2015 for a nominal £1 fee. As required by IAS 1, Presentation of financial statements, the director has prepared the financial statements on the basis that the Company is no longer a going concern which includes, where appropriate, writing down the Company's assets to net realisable value. No material adjustments arose as a result of ceasing to apply the going concern basis.

A provision has also been made for any onerous contractual commitments at the balance sheet date. The financial statements do not include any provision for the future cost of terminating the business of the Company except to the extent that such were committed at the balance sheet date. In the opinion of the director, the Company's assets are stated at net realisable value.

2. Accounting policies

a) Basis of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as they apply to the financial statements of the Company for the year ended 31 December 2018 and applied in accordance with the Companies Act 2006. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2018.

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

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

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2018 which have been applied consistent in the current and preceding year.

Notes to the financial statements (continued)

2. Accounting policies (continued)

b) Change in accounting policies

Adoption of new and revised standards

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

- IFRS 15 Revenue from contracts with customers (effective date 1 January 2018)

IFRS 15 supersedes IAS 11 Construction Contracts and IAS 18 Revenue and related interpretations and applies, with limited exceptions, to all revenues arising from contracts with customers. The company has adopted IFRS 15 using a modified retrospective approach of adoption with the date of the initial application being 1 January 2018. The adoption of this standard has not resulted in any material effect due to there being no revenue streams, and there is no restatement of the comparative information.

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

IFRS 9 Financial Instruments replaces IAS 39 Financial instruments: Recognition and Measurement. The company has applied IFRS 9 prospectively, with an initial application date of 1 January 2018. Management has completed an exercise for the ENGIE Group, which has not identified any significant differences. A separate exercise has been performed from a statutory perspective in order to assess any expected credit losses. The adoption of this standard has not resulted in material effect to these financial statements due to there being no differences in the timing of recognition or measurement, and there is no restatement of the comparative information.

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

- IFRS 16 Leases (effective date 1 January 2019) – As the company has no lease agreements, management expect no impact of the adoption of this new standard.

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

c) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

The directors consider there are no critical judgements or key sources of estimation uncertainty, that they have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Notes to the financial statements (continued)

2. Accounting policies (continued)

d) Significant accounting policies

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's, or cash-generating unit's, fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

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

Financial Assets

i) Initial recognition and measurement

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit and loss, loans and receivables, held to maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs.

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

ii) Subsequent measurement

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

iii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit and loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit and loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement.

The Company has not designated any financial assets upon initial recognition as at fair value through profit and loss.

The Company evaluates its financial assets at fair value through profit and loss (held for trading) and whether the intent in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and managements' intent significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available for sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated as fair value through profit and loss using the fair value option at designation. The Company did not reclassify any financial assets in the current period.

Notes to the financial statements (continued)

2. Accounting policies (continued)

d) Significant accounting policies (continued)

Financial Assets (continued)

iii) Financial assets at fair value through profit or loss (continued)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through the profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For receivables, the Company requires expected lifetime losses to be recognised from initial recognition of the receivables. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. Losses arising from impairment are recognised in the income statement in other operating expenses.

De-recognition of financial assets

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

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

For financial assets carried at amortised cost the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in subsequent years, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other operating expense in the income statement.

Notes to the financial statements (continued)

2. Accounting policies (continued)

d) Significant accounting policies (continued)

Financial liabilities

i) Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit and loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

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

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

ii) Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit and loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit and loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in the income statement.

Interest bearing loans and borrowings

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

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

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

De-recognition of financial liabilities

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

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

Fair values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length transactions: reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 17.

Notes to the financial statements (continued)

2. Accounting policies (continued)

d) Significant accounting policies (continued)

Trade and other receivables

Trade receivables, which generally have 14-30 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, receivables are carried at amortised cost. Provision is made when there is objective evidence that the group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Notes to the financial statements (continued)

2. Accounting policies (continued)

d) Significant accounting policies (continued)

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Investments

Investments in subsidiary undertakings are stated at cost, less any provisions for impairment that might be necessary.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue recognised:

Sale of goods

Revenue represents amounts received for goods provided in the normal course of business excluding discounts, VAT and other sales related taxes. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on supply of energy to the customer.

Services

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, the revenue can be reliably measured and the risks and rewards of the supply have passed to the buyer.

Finance income

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

Leases

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged to income in equal annual amounts over the lease term.

Exceptional Items

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

Notes to the financial statements (continued)

3. Operating (loss)/profit

This is stated after charging/(crediting):

	2018 £'000	2017 £'000
Fees paid to the auditor for the audit of the Company's annual financial statements	8	8
Operating lease rentals:		
- land & buildings	-	(9)

4. Directors' remuneration and staff costs

Staff costs:	2018 £'000	2017 £'000
Wages and salaries	-	-
	-	-

The monthly average number of employees during the year was nil (2017: nil).

The director received no remuneration for his services to the company as they are inconsequential to his other roles.

5. Finance income

	2018 £'000	2017 £'000
Bank interest received	43	39
	43	39

6. Finance cost

	2018 £'000	2017 £'000
Inter-company loan interest	300	300
Interest on overdue Corporation Tax	1,909	-
	2,209	300

Notes to the financial statements (continued)

7. Taxation

(a) Tax credit

	2018 £'000	2017 £'000
Current income tax:		
UK corporation tax (credit) on (loss) / profit for the year	(412)	(50)
Adjustments in respect of previous periods	-	(2)
Total current income tax credit	(412)	(52)
Tax (credit) in the income statement	(412)	(52)

(b) Reconciliation of total tax (credit)

	2018 £'000	2017 £'000
(Loss) before tax	(2,181)	(242)
(Loss) multiplied by standard rate of corporation tax of 19% (2017: 19.25%)	(414)	(47)
Adjustments in respect of prior periods – current tax	-	(2)
Tax effect of non-deductible or non-taxable items	2	(3)
Tax credit	(412)	(52)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 19% (2017: 19.25%

8. Investments

	Subsidiary undertakings £'000
At 31 December 2018 & 31 December 2017	-

Subsidiary undertakings

The Company continued to hold shares in Teesside Energy Trading Limited ("TETL") which is incorporated in England and Wales, with registered office address at No.1 Leeds, 26 Whitehall Road, Leeds, LS12 1BE. The Company owns 1 ordinary share of £1, being 100% of the issued share capital of TETL.

TETL had no transaction during the year.

9. Trade and other receivables

	2018 £'000	2017 £'000
Prepayments and accrued income	-	25
Interest receivable	2	21
	2	46

For terms and conditions relating to related party receivables, refer to note 16.

Trade receivables are generally on 14-30 days terms and are non-interest bearing within those terms. Trade receivables are shown net of a provision for impairment.

As at 31 December 2018, trade receivables with a nominal value of £152,000 (2017: £152,000) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

Notes to the financial statements (continued)

9. Trade and other receivables (continued)

	2018 £'000	2017 £'000
At 1 January	152	152
Credit for the year	-	-
At 31 December	152	152

10. Cash and short-term deposits

	2018 £'000	2017 £'000
Cash at bank and in hand	7,882	7,757

Cash at bank earns interest at floating rates based on daily bank deposit rates.

11. Trade and other payables

	2018 £'000	2017 £'000
Accrued interest on loans to group undertakings	1,139	839
Accruals and deferred income	8	12
	1,147	851

For terms and conditions relating to related party payables, refer to note ~~19~~.16.

12. Interest bearing loans and borrowings

	2018 £'000	2017 £'000
Non-current		
Amount owed to group undertaking	60,016	60,016

Loan owed to group undertakings

On 25 April 2008 the Company entered into a loan agreement with Electrabel Invest Luxembourg SA to borrow £141,000,000. The interest rate charged on the loan is set at 3 month LIBOR + 1.60% and the loan was repaid in full on 24 April 2015.

Following the payment of the accelerated payment notice of £60,016,000 to HMRC by the original sellers on 18 March 2015, the provision for £75,996,000 being the tax and accrued interest on disputed taxable profits of the operations of Teesside Recoveries and Investments Limited has been reduced by the amount of the payment and replaced by a non-current liability of the same amount due to the Company's ultimate shareholders, who have the benefit of a tax indemnity from the original sellers.

Notes to the financial statements (continued)

13. Financial risk management objectives and policies

The Company's principal financial instrument is the intercompany loan. The main purpose of this instrument is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables, cash and short-term deposits, which arise directly from its operations, in addition to loans to and from fellow subsidiaries.

Forward contracts to supply and purchase commodities are also designated as financial instruments.

The main risk arising from the Company's financial instruments is interest rate risk. There are no significant liquidity, foreign currency or credit risks.

Interest rate maturity profile of financial assets and liabilities

The following table sets out the carrying amount, by maturity, of the Company's financial instruments that are exposed to interest rate risk.

Year ended 31 December 2018	*Within 1 year*	*1 - 5 years*	*Total*
	£'000	*£'000*	*£'000*
Cash and short term deposits	7,882	-	7,882
Amounts owed to group undertakings	-	(60,016)	(60,016)

Year ended 31 December 2017	*Within 1 year*	*1 - 5 years*	*Total*
	£'000	*£'000*	*£'000*
Cash and short term deposits	7,757	-	7,757
Amounts owed to group undertakings	-	(60,016)	(60,016)

Interest rate risk

Only loans from fellow subsidiary undertakings and group undertakings bear interest at floating rates. Floating rate interest on financial instruments varies according to the underlying reference rate.

The other financial assets and financial liabilities of the Company are non-interest bearing and therefore are not subject to interest rate risk.

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings). The calculation relates to the loan owing to a group undertaking (see note 14):

	Increase/decrease in 3 month libor rate	*Effect on profit before tax*
		£'000
2018 and 2017	+0.25%	(150)
	-0.25%	150

Credit risk

The Company is no longer commercially active and has no additional credit risk.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents and trade and other receivables, the exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these assets as at the balance sheet date.

Liquidity risk

The availability of a £70m ENGIE group cash pooling facility which was replaced from 14 December 2010 with a cash pooling facility with Electrabel Finance and Treasury Management BV minimises the risk of a shortage of funds.

Notes to the financial statements (continued)

13. Financial risk management objectives and policies (continued)

Commodity price risk

The Company is no longer commercially active and has no commodity price risks.

The maturity profile of the financial liabilities of the Company as at 31 December 2018 and 31 December 2017 based on contractual undiscounted payments is as follows:

Year ended 31 December 2018	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts owed to group undertakings	-	-	-	60,016	-	60,016
Interest element of interest bearing loans	-	-	-	1,139	-	1,139
Trade and other payables	-	8	-	-	-	8

Year ended 31 December 2017	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts owed to group undertakings	-	-	-	60,016	-	60,016
Interest element of interest bearing loans	-	-	-	839	-	839
Trade and other payables	-	12	-	-	-	12

Capital Management

The company's primary capital management objective is to maintain a strong credit rating and healthy capital ratios.

14. Financial instruments

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments, that are carried in the financial statements. Note that in all cases the fair value is equal to the carrying value of those assets and liabilities.

	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
Financial Assets			
Cash and short term deposits	7,882	7,757	7,357
Trade receivables	-	-	379
Financial Liabilities			
Amounts owed (to) / from group undertakings			
- non-current	(60,016)	(60,016)	(60,016)
- current	(1,139)	(839)	(539)
Trade payables	-	-	-

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Notes to the financial statements (continued)

14. Financial instruments (continued)

All assets and liabilities measured at fair value at 31 December 2018 and 31 December 2017 were determined using level 2 valuation techniques.
During the reporting period ending 31 December 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

15. Authorised and issued share capital

	2018 *£'000*	*2017* *£'000*
Authorised		
141,930,104 ordinary shares of £1 each (2017: 141,930,104)	141,930	141,930
Called up, allotted and fully paid		
141,930,104 ordinary share of £1 each (2017: 141,930,104)	141,930	141,930

16. Related party transactions

The following transactions have been included within the Company's financial statements.

Ultimate parent undertaking
The Company's ultimate parent undertaking is ENGIE SA, as disclosed in note 17.
Related party transactions with ENGIE SA group are shown in the following table.

Transactions with fellow group undertakings within ENGIE SA group
GDF SUEZ Marketing Limited, GDF SUEZ Solutions Limited, International Power Limited, IPM Energy Trading Limited and GDF SUEZ Shotton Limited are companies registered in England and Wales and their ultimate parent undertaking is ENGIE SA.

Electrabel SA and Electrabel Invest Luxembourg SA are companies registered in Belgium in which their ultimate parent undertaking is ENGIE SA.

GDF International SAS is a company registered in France in which their ultimate parent undertaking is ENGIE SA.
GDF Suez International Holdings BV is a company registered in The Netherlands in which their ultimate parent undertaking is ENGIE SA.

Teesside Energy Trading Limited ('TETL'), a company registered in England and Wales, is a 100% owned subsidiary of GDF SUEZ Teesside Limited. TETL was dormant throughout the year.

2018	Sales £'000	Purchases £'000	Interest payable £'000	Amount owed from £'000	Amount owed to £'000
International Power Limited	-	-	-	-	-
GDF International SAS	-	-	150	-	30,577+
GDF Suez International Holdings BV	-	-	150	-	30,577+

+ consists of £30,008,000 loan and £569,000 accrued interest

Notes to the financial statements (continued)

16. Related party transactions (continued)

2017	Sales	Purchases	Interest payable	Amount owed from	Amoun owed tc
	£'000	£'000	£'000	£'000	£'00C
International Power Limited	-	8	-	-	-
GDF International SAS	-	-	150	-	30,427+
GDF Suez International Holdings BV	-	-	150	-	30,427+

+ consists of £30,008,000 loan and £419,000 accrued interest

Terms and conditions of transactions

The purchases from ENGIE SA (formerly GDF SUEZ SA) relate to fees charged in relation to provision of corporate guarantees. The transactions with GDF SUEZ Marketing Limited, GDF SUEZ Solutions Limited and Electrabel SA are made at normal prices and with terms and conditions comparable with an arm's length transaction. The sales and purchase transaction with these entities are for the sale and purchase of electricity and gas.

On 25 April 2008 the Company entered into a loan agreement with Electrabel Invest Luxembourg S.A. for borrowing of £141,000,000. The interest rate charged on the loan was set at 3 month LIBOR + 1.60% and the loan was repaid in full on 24 April 2015.

17. Controlling party and ultimate parent undertaking

The immediate parent undertaking is Stopper Finance BV, a company registered in The Netherlands.

The ultimate holding and controlling parent undertaking of the immediate parent is ENGIE SA (formerly GDF SUEZ SA), a company registered in France. The largest and smallest group in which the results of the Company were consolidated for the year ended 31 December 2018 was that headed by ENGIE SA. Copies of ENGIE SA's group financial statements can be obtained from its registered office at 1 Place Samuel de Champlain, 92400 Courbevoie, Paris, France.

The Company is not required to produce group financial statements as it is a subsidiary undertaking excluded from consolidation.

18. Post balance sheet event

On 5 October 2018 the Court of Appeal dismissed the company's appeal in the case of GDF Suez Teesside Ltd v Revenue and Customs Commissioners [2018] EWCA Civ 2075. On 12 March 2019 the Supreme Court refused the application for permission to appeal thereby bringing the case to an end. On 29 March 2019 HM Revenue & Customs advised that, following the Supreme Court's refusal to grant permission to appeal, a request for payment of the accrued interest would be issued.