Registered number: 02070305

COFELY ENGINEERING SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

COFELY ENGINEERING SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS	M Gallacher N Lovett
COMPANY SECRETARY	S Gregory
REGISTERED NUMBER	02070305
REGISTERED OFFICE	ENGIE Q3 Office Quorum Business Park Benton Lane Newcastle upon Tyne Tyne and Wear NE12 8EX
INDEPENDENT AUDITORS	Ernst & Young LLP Citygate St James' Boulevard Newcastle-upon-Tyne NE1 4JD

COFELY ENGINEERING SERVICES LIMITED

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the audited financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activity of Cofely Engineering Services Limited ("the company") was the design and installation of mechanical and electrical services and the project management of complete building services installations, however in 2010 the directors decided to wind down the trading activities of the company. The company is therefore no longer trading and the income statement movements relate to the resolution of historic balances, movements in provisions and the defined benefit pension scheme.

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were:

R Blumberger (resigned 31 January 2016)
M Gallacher (appointed 1 January 2016)
N Lovett (appointed 1 January 2016)

FUTURE DEVELOPMENTS

The directors expect there to be no changes in the future activities or prospects of the company.

FINANCIAL INSTRUMENTS

The company monitors its exposure to risk on an on-going basis. The company's activities do not expose it to any material price risk, cash flow risk or foreign exchange risk. Due to the nature of the company's business and the assets and liabilities contained within the balance sheet, the financial risks the directors consider relevant to the company are credit risk and liquidity risk. The company has not used financial instruments to change its exposure to these risks.

Credit risk

Credit risk arises on the company's principal financial assets, which are cash at bank and amounts owed by group undertakings. The credit risk associated with cash is limited, as the company uses financial institutions with a high credit rating for banking requirements. The credit risk on amounts owed by group undertakings is not considered to be significant, given the group's strong credit rating.

Liquidity risk

The company is exposed to liquidity risk on its financial liabilities, including trade and other creditors and amounts owed to group undertakings. In order to maintain liquidity to ensure sufficient funds are available for on-going operations and future developments, the company has access to banking facilities and loans from group companies.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

Company officers and duly appointed delegates thereof, are indemnified by the ENGIE global directors and officers policy ("the policy") in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. This qualifying third party indemnity provision was in force throughout the year and remains in force as at the date of approving these financial statements.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

GOING CONCERN

The directors have considered the company's current and future prospects and its availability of financing from within the ENGIE group and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the directors continue to adopt the going concern basis of preparation for these financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Board on 27 September 2017 and signed on its behalf.

M Gallacher
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the directors' 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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 COFELY ENGINEERING SERVICES LIMITED

We have audited the financial statements of Cofely Engineering Services Limited for the year ended 31 December 2016 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COFELY ENGINEERING SERVICES LIMITED

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take the advantage of the small companies' exemptions in not preparing the Strategic Report and take advantage of the small companies' exemption in preparing the Directors' Report.

Ernst + Young LLP

Caroline Mulley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
29 September 2017

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £000	*2015* *£000*
Cost of sales		**(487)**	*174*
Gross (loss)/profit		**(487)**	*174*
Administrative expenses		**(9)**	*(8)*
Operating (loss)/profit	4	**(496)**	*166*
Interest receivable and similar income	6	**1**	*-*
Other finance costs	7	**(2)**	*(11)*
(Loss)/profit before tax		**(497)**	*155*
Tax on (loss)/profit	8	**(21)**	*(12)*
(Loss)/profit for the financial year		**(518)**	*143*

The notes on pages 10 to 26 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £000	*2015* *£000*
(Loss)/profit for the financial year		**(518)**	*143*
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit scheme	16	**(1,182)**	*164*
Movement of deferred tax relating to actuarial loss/gain	13	**(19)**	*(33)*
		(1,201)	*131*
Total comprehensive (loss)/income for the year		**(1,719)**	*274*

The notes on pages 10 to 26 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £000	*2015 £000*
Current assets			
Debtors: amounts falling due within one year	9	1,658	*1,736*
Cash at bank and in hand	10	-	*4*
		1,658	*1,740*
Creditors: amounts falling due within one year	11	(10,225)	*(10,030)*
Net current liabilities		(8,567)	*(8,290)*
Total assets less current liabilities		(8,567)	*(8,290)*
Provisions for liabilities			
Other provisions	14	(682)	*(292)*
		(682)	*(292)*
Net liabilities excluding pension liability		(9,249)	*(8,582)*
Pension liability	16	(1,159)	*(107)*
Net liabilities		(10,408)	*(8,689)*
Capital and reserves			
Called up share capital	15	23,966	*23,966*
Profit and loss account		(34,374)	*(32,655)*
Total deficit		(10,408)	*(8,689)*

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 27 September 2017.

M Gallacher
Director

The notes on pages 10 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Profit and loss account	Total deficit
	£000	£000	£000
At 1 January 2015	**23,966**	**(32,929)**	**(8,963)**
Comprehensive income for the year			
Profit for the financial year	-	143	143
Actuarial gain on pension scheme including deferred tax	-	131	131
Other comprehensive income for the year	-	131	131
Total comprehensive income for the year	-	274	274
At 1 January 2016	**23,966**	**(32,655)**	**(8,689)**
Comprehensive loss for the year			
Loss for the financial year	-	(518)	(518)
Actuarial loss on pension scheme including deferred tax	-	(1,201)	(1,201)
Other comprehensive loss for the year	-	(1,201)	(1,201)
Total comprehensive loss for the year	-	(1,719)	(1,719)
At 31 December 2016	**23,966**	**(34,374)**	**(10,408)**

The notes on pages 10 to 26 form part of these financial statements.

1. GENERAL INFORMATION

The financial statements of Cofely Engineering Services Limited for the year ended 31 December 2016 were authorised for issue by the Board of directors on 27 September 2017 and the statement of financial position was signed on the Board's behalf by M Gallacher.

The company is a private limited liability company, incorporated and domiciled in the United Kingdom. The address of its registered office is Engie Q3 Office, Quorum Business Park, Benton Lane, Newcastle-upon-Tyne, Tyne and Wear, NE12 8EX.

The results of the company are included in the consolidated financial statements of Engie S.A., which are available from ENGIE, Tour T1, 1 place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris La Défense Cedex, France.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The functional and presentation currency of the company is Pounds Sterling ("£") and all values in these financial statements are rounded to the nearest thousand pounds ("£'000") except where otherwise indicated.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A 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, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Going concern

The directors have considered the company's current and future prospects and its availability of financing from within the ENGIE group and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the directors continue to adopt the going concern basis of preparation for these financial statements.

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, plus transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the statement of financial position.

2.7 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. ACCOUNTING POLICIES (CONTINUED)

2.8 Pensions

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'actuarial (loss)/gain on defined benefit scheme'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:
a) the increase in net pension benefit liability arising from employee service during the period; and
b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'other finance costs'.

2.9 Interest income

Interest income is recognised in the income statement using the effective interest method.

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the income statement in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2. ACCOUNTING POLICIES (CONTINUED)

2.11 Taxation

Tax is recognised in the income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax 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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

1. The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

2. Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for income and expenses during the year. The resulting accounting estimates will therefore will, by definition, seldom equal the related actual results.

The following judgements, estimates and assumptions have had the most significant effect on amounts recognised in the financial statements:

Provisions and accruals for liabilities

Management estimation is required to determine the appropriate amounts of provisions and accruals for certain administrative expenses. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

Pension and other post-employment benefits

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables and future salary increases and pension increases are based on expected future inflation rates. Further details are given in note 16.

Claims and legal proceedings

The company is party to a number of claims and legal proceedings in the ordinary course of business. Management consults with legal experts on issues related to legal disputes and with other experts internal or external to the company on issues related to the ordinary course of business. It is management's best estimate that the company is not involved in legal proceedings or arbitration that may be deemed to have a materially negative effect on the business, the financial position or results of operations.

4. OPERATING (LOSS)/PROFIT

The company has no employees other than the directors *(2015: none)*. All directors' remuneration is paid by a fellow group undertaking in respect of their services to group companies. The directors' services to the company do not occupy a significant amount of time and consequently the directors do not feel that they have received any remuneration for their incidental services to this company for the year *(2015: £nil)*.

5. AUDITORS' REMUNERATION

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

	2016 £000	2015 £000
Fees for the audit of the company	6	8

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £000	2015 £000
Interest receivable from group companies	1	-

7. OTHER FINANCE COSTS

	2016 £000	2015 £000
Net interest on net defined benefit liability	2	11

8. TAX ON (LOSS)/PROFIT

	2016 £000	*2015 £000*
CORPORATION TAX		
Current tax on (loss)/profit for the year	-	*(14)*
Adjustments in respect of previous periods	21	-
TOTAL CURRENT TAX	**21**	*(14)*
DEFERRED TAX		
Changes to tax rates	-	*2*
Deferred tax on retirement benefit liability	-	*24*
TOTAL DEFERRED TAX	**-**	*26*
TAX ON (LOSS)/PROFIT	**21**	*12*

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than *(2015: lower than)* the standard rate of corporation tax in the UK of 20.00% *(2015: 20.25%)*. The differences are explained below:

	2016 £000	*2015 £000*
(Loss)/profit before tax	**(497)**	*155*
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	**(99)**	*31*
EFFECTS OF:		
Capital allowances for year in excess of depreciation	-	*(21)*
Adjustments to tax charge in respect of previous periods	21	-
Short term timing difference leading to an increase in taxation	11	-
Non-taxable income	26	-
Deferred tax not recognised	62	-
Changes to tax rates	-	*2*
TOTAL TAX CHARGE FOR THE YEAR	**21**	*12*

8. TAX ON (LOSS)/PROFIT (CONTINUED)

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 21% to 20% from 1 April 2015.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and the Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. This will reduce the company's tax charges accordingly.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

9. DEBTORS

	2016 £000	*2015* *£000*
Amounts owed by group undertakings	900	*923*
Group relief receivable owed by group undertakings	757	*778*
Other debtors	1	*16*
Deferred taxation	-	*19*
	1,658	*1,736*

Included in amounts owed by group undertakings is a balance of £461,000 *(2015: £476,000)* held in a group cash pool arrangement, which is available on demand.

10. CASH AND CASH EQUIVALENTS

	2016 £000	*2015* *£000*
Cash at bank and in hand	-	*4*

11. CREDITORS: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	-	79
Amounts owed to group undertakings	10,212	9,909
Other taxation and social security	-	3
Other creditors	13	2
Accruals and deferred income	-	37
	10,225	10,030

Amounts owed to group undertakings are unsecured and interest free.

12. FINANCIAL INSTRUMENTS

	2016 £000	2015 £000
FINANCIAL ASSETS		
Cash and receivables	1,678	1,705
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(10,256)	(10,027)
	(10,256)	(10,027)

Financial assets measured at amortised cost comprise cash and cash equivalents, amounts owed by group undertakings and group relief receivable owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

13. DEFERRED TAXATION

	2016 £000	*2015* *£000*
At beginning of year	**19**	*78*
Charged to the income statement	**-**	*(26)*
Charged to other comprehensive income	**(19)**	*(33)*
AT END OF YEAR	**-**	*19*

The deferred tax asset is made up as follows:

	2016 £000	*2015* *£000*
Deferred tax on defined benefit pension liability	**-**	*19*

14. PROVISIONS

	Other provisions £000
At 1 January 2016	**292**
Charged to the income statement	**682**
Utilised in year	**(292)**
AT 31 DECEMBER 2016	**682**

Other provisions relate to claims in respect of industrial diseases.

15. CALLED UP SHARE CAPITAL

	2016 £000	*2015* *£000*
Shares classified as equity		
Allotted, called up and fully paid		
23,966,000 Ordinary shares of £1 each	**23,966**	*23,966*

16. PENSION COMMITMENTS

The company operates a defined benefit pension scheme, the Axima Building Services Defined Benefit Pension Scheme ("the scheme"), with assets held in a separately administered fund.

The plan is a final salary pension plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement and are updated in line with the retail prices index.

The benefit payments are made from trustee administered funds and the company does not operate any unfunded schemes.

Responsibility for governance of the plan, including investment decisions and contribution schedules, lies with the responsible parties. The Board of Trustees must be composed of representatives of the company and member-nominated trustees, as required under legislation and in accordance with the plan's regulations.

The valuation used in respect of the defined benefit scheme has been based on the most recent actuarial valuation at 31 March 2015 and was updated by the actuaries to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme at 31 December 2016.

Scheme assets are stated at their market values based on bid-price for quoted securities, at the respective statement of financial position date and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

The company expects to make contributions of £132,000 in the year to 31 December 2017.

The actual gain on the scheme's assets over the year was £703,000 *(2015: loss of £45,000).*

Reconciliation of the net defined benefit liability:

	2016 £000	*2015* *£000*
RECONCILIATION OF NET DEFINED BENEFIT LIABILITY		
At the beginning of the year	**(107)**	*(392)*
Interest income	**245**	*234*
Interest cost	**(247)**	*(245)*
Remeasurements	**(1,182)**	*164*
Employer contributions	**132**	*132*
AT THE END OF THE YEAR	**(1,159)**	*(107)*

16. PENSION COMMITMENTS (CONTINUED)

The amounts recognised in the statement of financial position at 31 December were as follows:

	2016 £000	2015 £000
Fair value of plan assets	7,026	6,417
Present value of plan liabilities	(8,185)	(6,524)
NET PENSION SCHEME LIABILITY	(1,159)	(107)

The amounts recognised in the income statement were as follows:

	2016 £000	2015 £000
Net interest expense on net pension liability	(2)	(11)

Reconciliation of the present value of plan liabilities were as follow:

	2016 £000	2015 £000
Opening defined benefit obligation	(6,524)	(6,912)
Interest cost	(247)	(245)
Changes in financial assumptions	(1,901)	326
Changes in demographic assumptions	93	-
Experience gains	168	117
Benefits paid	226	190
CLOSING DEFINED BENEFIT OBLIGATION	(8,185)	(6,524)

16. PENSION COMMITMENTS (CONTINUED)

Reconciliation of fair value of plan assets were as follows:

	2016 £000	*2015 £000*
Opening fair value of scheme assets	6,417	*6,520*
Interest income on plan assets	245	*234*
Return on plan assets (excluding amounts included in interest income)	458	*(279)*
Contributions by employer	132	*132*
Benefits paid	(226)	*(190)*
	7,026	*6,417*

The pension scheme has not invested in any of the ENGIE group's own financial instruments nor in the properties or other assets used by the ENGIE group.

	2016 £000	*2015 £000*
ANALYSIS OF ACTUARIAL (LOSS)/GAIN RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Actual return less interest income included in net interest income	458	*(279)*
Experience gains and losses arising on the scheme liabilities	168	*117*
Changes in assumptions underlying the present value of the scheme liabilities	(1,808)	*326*
	(1,182)	*164*

The cumulative amount of actuarial losses recognised in the statement of comprehensive income was £1,909,000 *(2015: £727,000)*.

16. PENSION COMMITMENTS (CONTINUED)

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	2016 %	2015 %
Discount rate	2.70	3.85
Future pension increases	3.20	3.05
Inflation assumption (CPI)	2.30	2.10
Inflation assumption (RPI)	3.30	3.10
Mortality rates		
- for a male aged 65 now	87.74	88.04
- at 65 for a male aged 45 now	90.31	90.29
- for a female aged 65 now	89.96	90.53
- at 65 for a female member aged 45 now	92.69	92.88

The discount rate applied is determined based on the yield, at the date of calculation, of high quality corporate bonds with maturities mirroring the likely maturity of the scheme.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. The longevity assumptions are based on the S1NxA CMI 2014 1.75% trend.

Sensitivity analysis

In agreeing the discount rate used in the calculation of the present value of the pension scheme liabilities under IAS19, the directors acknowledge the high degree of judgement involved and the sensitivity of the calculations to a change in assumptions.

It is estimated that an increase in the discount rate of 0.1% would decrease scheme liabilities by £171,000 and a decrease in the discount rate would increase scheme liabilities by £178,000.

It is estimated that an increase in the inflation rate of 0.1% would increase scheme liabilities by £178,000 and a decrease in the inflation rate would decrease scheme liabilities by £172,000.

The above sensitivity analyses are based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the pension liability to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

The directors also acknowledge their responsibilities for ensuring that actuarial assumptions are suitably updated to reflect changing economic conditions and they confirm that the 31 December 2016 assumptions have been carefully reviewed with the actuary.

16. PENSION COMMITMENTS (CONTINUED)

The major categories of scheme assets were as follows:

	2016 **£000**	*2015* *£000*
Corporate bonds	**7,017**	*6,406*
Cash and cash equivalents	**9**	*11*
	7,026	*6,417*

Nature of benefits, regulatory framework and governance of the pension scheme

The scheme is a registered defined benefit final salary scheme subject to the UK regulatory framework for pensions, including the Scheme Specific Funding requirements. The scheme is operated under trust and, as such, the trustees of the scheme are responsible for operating the scheme and they have a statutory responsibility to act in accordance with the scheme's Interim Trust Deed and Rules, in the best interests of the beneficiaries of the scheme and UK legislation (including Trust law).

Investment strategy

The investment strategy of the scheme has been set to take no more risk than is necessary to have a high probability of paying out all of the liabilities over time. An asset-liability strategy is therefore used, the current benchmark for which is to hold mainly corporate bonds and minimal cash. This is regularly reviewed in light of the revised term and nature of the scheme's liabilities

Risks to which the pension scheme exposes the company:

Through its defined benefit pension plan the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility:
The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. The scheme currently holds a significant proportion of corporate bonds, which mitigates this risk.

Changes in bond yields:
A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk:
Some of the group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are unaffected by (fixed interest bonds) inflation, meaning that an increase in inflation will also increase the deficit.

16. PENSION COMMITMENTS (CONTINUED)

Life expectancy:
The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the UK, where inflationary increases result in higher sensitivity to changes in life expectancy.

The company ensures that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the company's objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations.

The company has not changed the processes used to manage its risks from previous periods and does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2016 consists of bonds. The company believes that bonds offer the best returns over the long term with an acceptable level of risk.

17. CONTINGENT LIABILITIES

The company has received claims from previous employees in respect of industrial diseases. Any claim related to the years 1938-1969 and 1982-1991 were insured by a company that became insolvent and unable to honour its claims. The financial statements provide £682,000 *(2015: £84,899)* relating to claims received to date. It is not practicable to estimate reliably the financial effect of future claims and so the directors have not recorded any additional provisions.

18. CONTROLLING PARTY

The immediate parent company of Cofely Engineering Services Limited is ENGIE UK Holding (Services) Limited, a company registered in England and Wales. The directors regard ENGIE S.A. as the ultimate parent company and controlling party of Cofely Engineering Services Limited. ENGIE S.A. is registered in France.

The parent undertaking of the smallest and largest group which includes the company for which consolidated financial statements are prepared is ENGIE S.A.

Copies of the group's consolidated financial statements may be obtained from ENGIE, Tour T1, 1 place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris La Défense Cedex, France.