

Registered number: 02070305

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**COFELY ENGINEERING SERVICES LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**COFELY ENGINEERING SERVICES LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	S Gregory B Lala S Hockman
<b>COMPANY SECRETARY</b>	S Gregory
<b>REGISTERED NUMBER</b>	02070305
<b>REGISTERED OFFICE</b>	ENGIE Q3 Office Quorum Business Park Benton Lane Newcastle upon Tyne Tyne and Wear NE12 8EX
<b>INDEPENDENT AUDITOR</b>	Ernst & Young LLP Citygate St James' Boulevard Newcastle-upon-Tyne NE1 4JD

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**COFELY ENGINEERING SERVICES LIMITED**

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**COFELY ENGINEERING SERVICES LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The Directors present their report and the audited financial statements for the year ended 31 December 2020.

**PRINCIPAL ACTIVITIES**

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 the Directors have decided to wind down the trading activities of the Company and therefore the income statement movements relate to the resolution of historic balances and movements in provisions.

**BUSINESS REVIEW**

The world continues to face the COVID-19 pandemic on an unprecedented scale, which is resulting in a health and economic crisis.

In response to the crisis, both the Company and the ENGIE group are continuing to take action to help mitigate the impact of the pandemic. The Company's and the ENGIE group's top priority clearly remains the health and safety of all its stakeholders, especially its employees.

Given the activities of the Company, there has been no impact of the pandemic on the results or position of the Company during the financial year.

The Company and the ENGIE group have no experience of a similar crisis, although the Company is confident it has the financial support of the ENGIE group in relation to both short-term liquidity and longer-term financing solutions to help overcome any financial challenges that may arise. The situation is, of course, under continual review.

**DIRECTORS**

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

S Pinnell (resigned 20 January 2020)  
M Gallacher (resigned 30 June 2021)  
S Gregory  
J Jago (appointed 20 January 2020; resigned 30 June 2021)  
B Lala (appointed 1 July 2021)  
S Hockman (appointed 1 July 2021)

**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 ongoing basis. The Company's activities do not expose it to any material price risk, cash flow risk or foreign exchange risk. Owing 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 manage its exposure to these risks.

**Credit risk**

Credit risk arises on the Company's principal financial assets, which are amounts owed by group undertakings. The credit risk on amounts owed by group undertakings is not considered to be significant, given the group's strong credit rating.

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## **COFELY ENGINEERING SERVICES LIMITED**

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### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **Liquidity risk**

The Company has no significant exposure to liquidity risk, as the financial liabilities of the Company are amounts owed to group undertakings. In order to maintain liquidity to ensure sufficient funds are available for ongoing operations and future developments, which is particularly important given the ongoing economic crisis, the Company benefits from access to both short-term liquidity and longer-term financing support from the ENGIE group.

Within the UK & Ireland Business Unit ("UK BU"), of which the Company is a part, management has also explored alternative sources of liquidity including increased overdraft facilities from UK banks, the implementation of a Revolving Credit Facility and UK Government support offered via the COVID Corporate Financing Facility, which was available during the height of the pandemic. However, despite such arrangements being readily available, this review has concluded that the ENGIE group financing is currently the most economical and rational solution for the Company. The Directors do not anticipate any issues in accessing necessary liquidity for the foreseeable future. The situation is, of course, under continual review.

#### **GOING CONCERN**

Given the current health and economic crisis which has evolved during the financial year and has continued since the year end, the Directors have paid close attention to the Company's ability to continue to adopt the going concern basis of preparation for these financial statements. Clearly, the current situation is having an adverse impact on current year trading results across the UK BU and a deterioration in cash inflow is a reality.

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

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

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

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

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

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**COFELY ENGINEERING SERVICES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

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

The Company has received a letter of support from ENGIE S.A. The Directors have considered the ability of ENGIE S.A. to provide the required financial support to the company and have satisfied themselves that ENGIE S.A. is able to provide support for a period of the earlier of not less than twelve months from the approval of these financial statements, or until the company no longer remains part of the ENGIE group.

At the date of signing these financial statements, the ENGIE group has not completed the contemplated sales process. However, it is possible that during the Autumn of 2022 the Company will no longer remain a subsidiary of ENGIE S.A. and therefore the Directors are unable to control all scenarios for the Company's future, including its funding arrangements. The probable change in ownership of EQUANS and the Company is considered a material uncertainty which may cast doubt about the Company's ability to continue as a going concern. Accordingly, the financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would be required if the Company were unable to continue as a going concern.

The Directors believe that should the sale of EQUANS to Bouygues conclude successfully, it will not result in the separate disposal of this Company, and Bouygues will secure suitable alternative funding arrangements for EQUANS as part of its acquisition plan, to ensure the business is successful. Bouygues intends to create a world leader in multi-technical services and to create 10,000 net additional jobs over 5 years. EQUANS would then employ worldwide more than 95,000 employees and generate an annual turnover of circa €16 billion.

**DISCLOSURE OF INFORMATION TO AUDITOR**

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 auditor is 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 auditor is aware of that information.

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**COFELY ENGINEERING SERVICES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**POST BALANCE SHEET EVENTS**

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

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

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

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

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

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

As part of a corporate simplification and alignment of reporting structures, on 25 February 2021, the ownership of the Company was transferred from ENGIE UK Holdings (Services) Limited (the Company's parent) to ENGIE Services Holding UK Limited by way of a share for share exchange. In accordance with Section 615 of the Companies Act, as consideration for the acquisition of the entire share capital of the Company, ENGIE Services Holding UK Limited issued one ordinary share of £1 representing the book value of the investment held by ENGIE UK Holdings (Services) Limited.

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 13 December 2021 and signed on its behalf.

DocuSigned by:

*Sam Hockman*

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**S Hockman**  
Director

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**COFELY ENGINEERING SERVICES LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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**

### **Opinion**

We have audited the financial statements of Cofely Engineering Services Limited for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

### **Material uncertainty relating to going concern**

We draw your attention to note 2.3 to the financial statements, which indicates that the directors have prepared the financial statements on a going concern basis, as they have a parental support letter from ENGIE S.A. forming part of their going concern assessment. That support is conditional on the company remaining part of the ENGIE group, however the ENGIE group has entered into exclusive negotiations with Bouygues for the sale of the EQUANS division, of which the company is a component. The proposed transaction will be submitted to the relevant employee representative bodies for consultation and is expected to close in H2 2022, subject to regulatory approvals and customary closing conditions, which may result in the company no longer being part of the ENGIE group. As stated in note 2.3, these events or conditions, along with the other matters set forth in note 2.3, indicate a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

### **Other information**

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

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

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

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COFELY ENGINEERING SERVICES LIMITED (CONTINUED)**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

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

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

### **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.

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

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

Our approach was as follows:

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

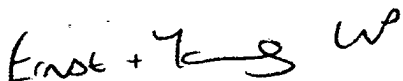
## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COFELY ENGINEERING SERVICES LIMITED (CONTINUED)**

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

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

### **Use of our report**

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

Handwritten signature of Caroline Mulley in black ink.

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

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**COFELY ENGINEERING SERVICES LIMITED**


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**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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	Note	2020 £000	2019 £000
Cost of sales - normal		(16)	(16)
Cost of sales - charge to provisions		(4)	(77)
<b>Gross loss</b>		<b>(20)</b>	<b>(93)</b>
Administrative expenses		(22)	(19)
<b>Operating loss</b>	4	<b>(42)</b>	<b>(112)</b>
Interest receivable and similar income	6	-	3
Interest payable and similar expenses	7	(5)	-
<b>Loss before tax</b>		<b>(47)</b>	<b>(109)</b>
Tax on loss	8	(5)	35
<b>Loss for the financial year</b>		<b>(52)</b>	<b>(74)</b>

There were no recognised gains and losses for 2020 or 2019 other than those included in the income statement and therefore no statement of comprehensive income has been presented.

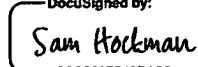
The notes on pages 12 to 24 form part of these financial statements.

**COFELY ENGINEERING SERVICES LIMITED**  
**REGISTERED NUMBER: 02070305**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	9	22	-
Debtors: amounts falling due within one year	9	1,176	1,270
		<u>1,198</u>	<u>1,270</u>
Creditors: amounts falling due within one year	10	(10,341)	(10,166)
<b>Net current liabilities</b>		<u>(9,143)</u>	<u>(8,896)</u>
<b>Total assets less current liabilities</b>		<u>(9,143)</u>	<u>(8,896)</u>
<b>Provisions for liabilities</b>			
Other provisions	13	(24)	(219)
<b>Net liabilities</b>		<u>(9,167)</u>	<u>(9,115)</u>
<b>Capital and reserves</b>			
Called up share capital	14	23,966	23,966
Profit and loss account	15	(33,133)	(33,081)
<b>Total deficit</b>		<u>(9,167)</u>	<u>(9,115)</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 13 December 2021.

DocuSigned by:  
  
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**S Hockman**  
 Director

The notes on pages 12 to 24 form part of these financial statements.

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**COFELY ENGINEERING SERVICES LIMITED**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total deficit £000</b>
<b>At 1 January 2019</b>	<b>23,966</b>	<b>(33,007)</b>	<b>(9,041)</b>
<b>Comprehensive loss for the year</b>			
Loss for the financial year	-	(74)	(74)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(74)</b>	<b>(74)</b>
<b>At 1 January 2020</b>	<b>23,966</b>	<b>(33,081)</b>	<b>(9,115)</b>
<b>Comprehensive loss for the year</b>			
Loss for the financial year	-	(52)	(52)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(52)</b>	<b>(52)</b>
<b>At 31 December 2020</b>	<b>23,966</b>	<b>(33,133)</b>	<b>(9,167)</b>

The notes on pages 12 to 24 form part of these financial statements.

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**COFELY ENGINEERING SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. GENERAL INFORMATION**

The financial statements of Cofely Engineering Services Limited for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 13 December 2021 and the statement of financial position was signed on the Board's behalf by S Hockman.

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, 1 Place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris La Défense, 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 when 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:

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**COFELY ENGINEERING SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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

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**COFELY ENGINEERING SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.3 GOING CONCERN**

Given the current health and economic crisis which has evolved during the financial year and has continued since the year end, the Directors have paid close attention to the Company's ability to continue to adopt the going concern basis of preparation for these financial statements. Clearly, the current situation is having an adverse impact on current year trading results across the UK BU and a deterioration in cash inflow is a reality.

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

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

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

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

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

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

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

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**COFELY ENGINEERING SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.3 GOING CONCERN (continued)**

The Company has received a letter of support from ENGIE S.A. The Directors have considered the ability of ENGIE S.A. to provide the required financial support to the company and have satisfied themselves that ENGIE S.A. is able to provide support for a period of the earlier of not less than twelve months from the approval of these financial statements, or until the company no longer remains part of the ENGIE group.

At the date of signing these financial statements, the ENGIE group has not completed the contemplated sales process. However, it is possible that during the Autumn of 2022 the Company will no longer remain a subsidiary of ENGIE S.A. and therefore the Directors are unable to control all scenarios for the Company's future, including its funding arrangements. The probable change in ownership of EQUANS and the Company is considered a material uncertainty which may cast doubt about the Company's ability to continue as a going concern. Accordingly, the financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would be required if the Company were unable to continue as a going concern.

The Directors believe that should the sale of EQUANS to Bouygues conclude successfully, it will not result in the separate disposal of this Company, and Bouygues will secure suitable alternative funding arrangements for EQUANS as part of its acquisition plan, to ensure the business is successful. Bouygues intends to create a world leader in multi-technical services and to create 10,000 net additional jobs over 5 years. EQUANS would then employ worldwide more than 95,000 employees and generate an annual turnover of circa €16 billion.

**2.4 INTEREST INCOME**

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

**2.5 FINANCE COSTS**

Finance costs are charged to the income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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**COFELY ENGINEERING SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.6 TAXATION**

The tax for the year comprises current and deferred tax. Tax is recognised in the income statement except that an expense 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.

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:

- 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
- 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.

**2.7 EXCEPTIONAL ITEMS**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

**2.8 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.

**2.9 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.

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**COFELY ENGINEERING SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.10 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 and financial liabilities are initially measured at fair value in accordance with IFRS 9.

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at amortised cost.

**Debt instruments at amortised cost**

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

**Impairment of financial assets**

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.

**Financial liabilities**

**At amortised cost**

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

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**COFELY ENGINEERING SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.11 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.

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES 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 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 judgments, 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 judgments, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

**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**

The Company has no employees (2019: none). All Directors' remuneration is paid by fellow group undertakings in respect of their services to group companies. The Directors' services to the Company do not occupy a significant amount of time and consequently no allocation can be made to the Company, nor its subsidiaries, for qualifying services for the year (2019: £nil).

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**COFELY ENGINEERING SERVICES LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**5. AUDITOR'S REMUNERATION**

	2020 £000	2019 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	7	7

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2020 £000	2019 £000
Interest receivable from group undertakings	-	3

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2020 £000	2019 £000
Interest payable to group undertakings	5	-

**8. TAXATION**

	2020 £000	2019 £000
<b>CORPORATION TAX</b>		
Current tax on loss for the year	-	(37)
Adjustments in respect of previous periods	27	2
<b>TOTAL CURRENT TAX</b>	27	(35)
Origination and reversal of timing differences	(22)	-
<b>TOTAL DEFERRED TAX</b>	(22)	-
<b>TAX ON LOSS</b>	5	(35)

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**COFELY ENGINEERING SERVICES LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**8. TAXATION (CONTINUED)****FACTORS AFFECTING TAX EXPENSE/(CREDIT) FOR THE YEAR**

The tax assessed for the year is higher than (2019: *higher than*) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £000	2019 £000
Loss before tax	(47)	(109)
Loss multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(9)	(21)
<b>EFFECTS OF:</b>		
Adjustments to tax in respect of previous periods	27	2
Deferred tax not recognised	(5)	(15)
Effect of change in standard rate of corporation tax	(8)	(1)
<b>TOTAL TAX EXPENSE/(CREDIT) FOR THE YEAR</b>	<b>5</b>	<b>(35)</b>

**FACTORS THAT MAY AFFECT FUTURE TAX EXPENSES**

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by the Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax rate, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019: 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the year end. It is likely that the overall effect of these changes, had they been substantively enacted by the balance sheet date, would not be material to these financial statements.

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**COFELY ENGINEERING SERVICES LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**9. DEBTORS**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Deferred tax asset	22	-
	<u>22</u>	<u>-</u>
	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>DUE WITHIN ONE YEAR</b>		
Amounts owed by group undertakings	303	369
Group relief receivable owed by group undertakings	873	901
	<u>1,176</u>	<u>1,270</u>

Included in amounts owed by group undertakings is a balance of £nil (2019: £65,000) held in a group cash pool arrangement, which is available on demand.

**10. CREDITORS: Amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to group undertakings	<u>10,341</u>	<u>10,166</u>

Amounts owed to group undertakings are unsecured and interest free.

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**COFELY ENGINEERING SERVICES LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**11. FINANCIAL INSTRUMENTS**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>FINANCIAL ASSETS</b>		
Financial assets measured at amortised cost	<u>1,176</u>	<u>1,270</u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	<u>(10,341)</u>	<u>(10,166)</u>

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

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings.

**12. DEFERRED TAXATION**

	<b>2020</b>
	<b>£000</b>
At beginning of year	-
Credited to the income statement	<u>22</u>
<b>AT END OF YEAR</b>	<u><u>22</u></u>

The deferred tax asset is made up as follows:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Tax losses carried forward	<u>22</u>	<u>-</u>

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**COFELY ENGINEERING SERVICES LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**13. PROVISIONS**

	<b>Other provisions £000</b>
At 1 January 2020	<b>219</b>
Charged to the income statement	<b>4</b>
Released in year	<b>(49)</b>
Utilised in year	<b>(150)</b>
<b>AT 31 DECEMBER 2020</b>	<b>24</b>

Other provisions relate to claims in respect of industrial diseases.

**14. CALLED UP SHARE CAPITAL**

	<b>2020 £000</b>	<b>2019 £000</b>
<b>Allotted, called up and fully paid</b>		
23,966,000 (2019: 23,966,000) Ordinary shares of £1.00 each	<b>23,966</b>	<b>23,966</b>

**15. RESERVES****Profit and loss account**

The profit and loss account records the cumulative amount of profits and losses less any distributions of dividends.

**16. 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 £24,000 (2019: £219,000) 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.

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## COFELY ENGINEERING SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 17. POST BALANCE SHEET EVENTS

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

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

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

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

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

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

As part of a corporate simplification and alignment of reporting structures, on 25 February 2021, the ownership of the Company was transferred from ENGIE UK Holdings (Services) Limited (the Company's parent) to ENGIE Services Holding UK Limited by way of a share for share exchange. In accordance with Section 615 of the Companies Act, as consideration for the acquisition of the entire share capital of the Company, ENGIE Services Holding UK Limited issued one ordinary share of £1 representing the book value of the investment held by ENGIE UK Holdings (Services) Limited.

#### 18. CONTROLLING PARTY

The immediate parent company of Cofely Engineering Services Limited was ENGIE UK Holding (Services) Limited, a company registered in England and Wales. However, as mentioned in the post balance sheet events disclosure, since the year end the ownership of the Company has been transferred to ENGIE Services Holding UK 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, 1 Place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris La Défense, France.