Interconnector Leasing Company Limited

Annual Report and Financial Statements for the year ended 31 December 2020

Registered Number: 2426011

Interconnector Leasing Company Limited

Company information

Directors	Stephen Turner Steven De Ranter Mark Kenton
Company Secretary	Mary Simmons
Registered Office	15-16 Buckingham Street London WC2N 6DU UNITED KINGDOM
Country of incorporation	England and Wales, United Kingdom
Independent auditors	BDO LLP Chartered Accountants and Statutory Auditors 55 Baker Street London W1U 7EU UNITED KINGDOM

Interconnector Leasing Company Limited

Financial statements for the year ended 31 December 2020

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Interconnector Leasing Company Limited

Strategic report

The directors present the Strategic report for the year ended 31 December 2020.

Business review and principal activities

Interconnector Leasing Company Limited ("the company") leases plant and equipment to its sole shareholder, Interconnector (UK) Limited ("IUK"). The company is a private company limited by shares, registered and domiciled in England & Wales, United Kingdom.

The primary period of the leases of assets to IUK expired in September 2018. In September 2018 the leases were extended for 5 years for £1,000 p.a.

The results for the company show a turnover of £2,000 for the year ended 31 December 2020 (2019: £2,000) and a profit before taxation of £2,000 for the year ended 31 December 2020 (2019: £6,685). The primary period of the leases of assets to IUK ended in September 2018 resulting in a decrease in turnover and interest income of the company.

The balance sheet as detailed on page 12 shows net assets of £690,812 as at 31 December 2020 (31 December 2019: £768,549).

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of the group, headed by IUK - the company's immediate parent, and are not managed separately. Accordingly, the principal risks and uncertainties of the group, which include those of the company, are discussed on pages 3 to 5 of the group's financial statements, which do not form part of these financial statements. The group financial statements are available from Companies House at www.gov.uk

Key performance indicators

The company's performance is dependent upon the performance of IUK, its immediate parent company. For this reason, the company's directors believe that analysis using key performance indicators is not necessary or appropriate for an understanding of the development, performance or position of the company's business. The development, performance and position of the group are discussed on pages 2 to 10 of the group's financial statements, which do not form part of these financial statements.

Financial risk management

The financial risk management policies of the company are aligned with the policies of the group and are not managed separately. Financial risk management policies of the group, which include those of the company, are discussed on page 5 to 6 of the group's financial statements which do not form part of this report.

Strategic report (continued)

Future developments
It is anticipated the legal title to the leased assets will be transferred to IUK during the lease extension period and the company will be substantially dormant after that.

Financial instruments
The company did not transact in any derivative financial instruments during the year. Full details of the group's policies and procedures surrounding financial instruments and details of such transactions can be found on pages 29 to 32 of the group's financial statements, which do not form part of these financial statements.

On behalf of the board

Stephen Turner
Managing director
24 May 2021

Steven De Ranter
Managing director
24 May 2021

Directors' report

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

Going concern

The company leases plant and equipment to its sole shareholder, Interconnector (UK) Limited ("IUK"). The leases under which the company's revenues are earned matured in September 2018. The leases were extended for 5 years at a peppercorn rent with the view to transfer the title to the assets to IUK and terminate the lease during the extension period.

The company's profit for the year ended 31 December 2020 was £74,057 (2019: a loss of £67,015). At 31 December 2020 the company has net assets of £690,812 (31 December 2019: £768,549). The profit is attributable to the re-measurement of the deferred tax asset to the increased tax rate.

The income of the company is limited to the peppercorn rent receivable from IUK. The company does not have any outstanding liabilities and the directors do not anticipate any new liabilities to be incurred in the future. The directors have a reasonable expectation that any future costs and liabilities will not exceed the available resources.

Covid-19 situation caused a major disruption to state economies and companies' prospects all over the world. As income of the company depends on the income of the parent company, Interconnector (UK) Limited, the directors of the company rely on the going concern assessment made by IUK.

The management have considered various scenarios to estimate the impact of Covid-19 situation on the Interconnector group and to establish if the group is financially viable for the next 15 months. Due to the market's conditions, the group's 2020 revenue from sales of the pipeline capacity actually increased as compared to budget. This allows the group to keep cash above the minimum requirement for the next 15 month even in the scenario when 2021-2022 revenues are significantly reduced.

The directors are confident that due to the strategic importance of the asset, and the unique function that it performs for the market, there will be sufficient demand for capacity to generate sufficient revenues to maintain the group as a going concern.

Thus, the directors continue to adopt the going concern basis in preparing the financial statements.

Results and dividends

The company's profit for the year ended 31 December 2020 was £74,057 (2019: a loss of £67,015. The profit is attributable to the re-measurement of the deferred tax asset to the increased tax rate.

No interim dividends (2019: nil) were declared during the year. A final dividend of £41,829 per ordinary share amounting to £125,487 is proposed (2019: £151,794). The proposed dividend was not recognised in these financial statements as it was not approved by the year end.

Directors' report (continued)

Future developments and financial risk management

Likely future developments in the company's business and financial risk management policies are covered in the Strategic report.

Directors

The directors who held office during the year and up to the date of signing the financial statements are as follows:

Stephen Turner

Steven De Ranter

Mark Kenton (resigned 25/03/2021)

Roberto Giannetto (appointed 25/03/2021)

Directors' indemnities

Fluxys SA, an intermediate parent company, maintains liability insurance for its directors and officers and for the directors and officers of all its subsidiaries. IUK provides an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. The qualifying third party indemnity was in place during the year ended 31 December 2020 and as at the date of the approval of these financial statements.

Directors' report (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure of information to the auditors

In the case of each director in office at the date the Directors' Report is approved:

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

On behalf of the board

Stephen Turner
Managing director
24 May 2021

Steven De Ranter
Managing Director
24 May 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERCONNECTOR LEASING COMPANY LIMITED

Opinion on the 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Interconnector Leasing Company Limited ("the Company") for the year ended 31 December 2020 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, 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 (United Kingdom Generally Accepted Accounting Practice including FRS 101 Reduced Disclosure Framework).

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below;

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a material misstatement due to fraud.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, review of board minutes and enquiries with management.

- We considered the controls that the Company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:
Matt Crane
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Matt Crane (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
24 May 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Profit and loss account for the year ended 31 December 2020

	Note	**For the year ended 31 December 2020**	For the year ended 31 December 2019
		£	£
Turnover	3	**2,000**	2,000
Administrative expenses		**-**	-
Operating profit	4	**2,000**	2,000
Interest receivable and similar income	6	**-**	4,685
Profit before taxation		**2,000**	6,685
Tax expense	7	**72,057**	(73,700)
Profit / (Loss) for the financial year		**74,057**	(67,015)

The Company has not recognised other comprehensive income other than those included in the results above, and therefore no separate statement of Comprehensive Income has been presented.

The results above all arise from continuing operations.

The notes to the financial statements on pages 14 to 23 form an integral part of these financial statements.

Interconnector Leasing Company Limited

Balance sheet as at 31 December 2020

	Note	**31 December 2020**	31 December 2019
		£	£
Fixed assets			
Investments	9	**1,040**	1,040
Current assets			
Debtors: amounts falling due within one year	10	**125,489**	151,796
Deferred tax asset	11	**564,283**	615,713
Total assets		**690,812**	768,549
Creditors: amounts falling due within one year		**-**	-
Total assets less current liabilities		**690,812**	768,549
Net assets		**690,812**	768,549
Capital and reserves			
Called up share capital	12	**3**	3
Profit and loss account		**690,809**	768,546
Total shareholders' funds		**690,812**	768,549

The notes to the financial statements on pages 14 to 23 form an integral part of these financial statements.

The financial statements on pages 14 to 23 were approved by the Board of Directors on 24 May 2021 and were signed on its behalf by:

Stephen Turner
Managing director
24 May 2021

Steven De Ranter
Managing director
24 May 2021

Company Registration Number: **2426011**

Interconnector Leasing Company Limited

Statement of changes in equity for the year ended 31 December 2020

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
1 January 2020	**3**	**768,546**	**768,549**
Profit for the financial year	-	74,057	74,057
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	**74,057**	**74,057**
Contributions by and distributions to owners			
Dividends	-	(151,794)	(151,794)
31 December 2020	**3**	**690,809**	**690,812**

The notes to the financial statements on pages 14 to 23 form an integral part of these financial statements.

Notes to the financial statements

1 General information

Interconnector Leasing Company Limited ("the company") leases plant and equipment to its sole shareholder, Interconnector (UK) Limited ("IUK"). The company is a private company limited by shares, registered and domiciled in England & Wales, United Kingdom. The address of its registered office is 15-16 Buckingham Street, London, WC2N 6DU, UNITED KINGDOM.

2 Accounting policies

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

Basis of preparation

The financial statements of the company have been prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework ("FRS 101"), under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The following exemptions from the requirements of International Financial Reporting Standards as adopted by the European Union ("IFRS") have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
    - 10 (d) (statement of cash flows)
    - 16 (statement of compliance with all IFRS)
    - 38A (comparative statement of changes in equity)
    - 111 (cash flow statement information)
    - 134 to 136 (capital management)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- IFRS 7, 'Financial Instruments: Disclosures'.

Notes to the financial statements

2 Accounting policies (continued)

New and amended standards adopted by the company

There were a number of narrow scope amendments to existing standards which were effective from 1 January 2020. There was no financial impact of these amendments in either the current or prior periods.

Going concern

The company leases plant and equipment to its sole shareholder, Interconnector (UK) Limited ("IUK"). The leases under which the company's revenues are earned matured in September 2018. The leases were extended for 5 years at a peppercorn rent with the view to transfer the title to the assets to IUK and terminate the lease during the extension period.

The company's profit for the year ended 31 December 2020 was £74,057 (2019: a loss of £67,015). At 31 December 2020 the company has net assets of £690,812 (31 December 2019: £768,549). The profit is largely attributable to the re-measurement of the deferred tax asset to the increased tax rate.

The income of the company is limited to the peppercorn rent receivable from IUK. The company does not have any outstanding liabilities and the directors do not anticipate any new liabilities to be incurred in the future. The directors have a reasonable expectation that any future costs and liabilities will not exceed the available resources.

Covid-19 situation caused a major disruption to state economies and companies' prospects all over the world. As income of the company depends on the income of the parent company, Interconnector (UK) Limited, the directors of the company rely on the going concern assessment made by IUK.

The management have considered various scenarios to estimate the impact of Covid-19 situation on the Interconnector group and to establish if the group is financially viable for the next 15 months. Due to the market's conditions, the group's 2020 revenue from sales of the pipeline capacity is actually increased as compared to budget. This allows the group to keep cash above the minimum requirement for the next 15 month even in the scenario when 2021 revenues are significantly reduced.

The directors are confident that due to the strategic importance of the asset, and the unique function that it performs for the market, there will be sufficient demand for capacity to generate sufficient revenues to maintain the group as a going concern.

Thus, the directors continue to adopt the going concern basis in preparing the financial statements.

Notes to the financial statements

2 Accounting policies (continued)

Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical accounting estimates and judgements in relation to the company's accounting policies relate to the carrying value of deferred tax asset. The deferred tax asset is recognised on the basis that tax credits can be used to offset taxable profits elsewhere in the group.

Investments
Fixed asset investments are recorded at cost, less provision for impairment. An assessment is made on an annual basis whether a provision for any permanent diminution in value is required and if so, the carrying value of the fixed asset investment is reduced.

Financial assets

(a) Classification

The company classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss); and
- those to be measured at amortised cost

The classification depends on the company's business model for managing financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

All of the company's assets are classified as financial assets at amortised cost.

(b) Recognition & derecognition

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Notes to the financial statements

2 Accounting policies (continued)

Financial assets (continued)

(c) Measurement
Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Loans and receivables are recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Financial liabilities

The company classifies its financial liabilities as either financial liabilities at fair value through profit or loss, or other financial liabilities.

All of the company's financial liabilities are currently classified as other financial liabilities. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Leases

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

Foreign currencies

(a) Functional and presentational currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The company's functional currency is pound sterling. The company's financial statements are presented in pound sterling, which is the company's presentation currency.

(b) Transactions and balances
The company does not have any foreign currency transactions and balances.

Turnover

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services provided to customers, net of United Kingdom Value Added Tax. The company recognises revenue when performance obligations have been satisfied and for the company this is when services are provided to customers.

Other turnover
Income from operating leases, which excludes United Kingdom Value Added Tax, is recognised on a straight-line basis over the lease term.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the year in which the dividends are approved by the company's shareholders.

Notes to the financial statements (continued)

3 Turnover

	For the year ended 31 December 2020	For the year ended 31 December 2019
	£	£
Other turnover	**2,000**	2,000
	2,000	2,000

All of the company's turnover arises from UK operations.

4 Operating profit

Other administrative expenses, including auditors' remuneration, have been borne by the immediate parent undertaking, IUK, and have not been recharged to the company. The value of audit fees charged for the audit of the company is outlined below:

	For the year ended 31 December 2020	For the year ended 31 December 2019
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	**4,900**	4,900

5 Directors' emoluments and employee information

None of the directors received any emoluments in respect of their services to the company for the year ended 31 December 2020 (2019: nil). The company did not employ any staff during the year (2019: nil).

6 Interest receivable and similar income

	For the year ended 31 December 2020	For the year ended 31 December 2019
	£	£
Loan interest receivable from parent undertaking	**-**	4,685

Notes to the financial statements (continued)

7 Tax expense

	For the year ended 31 December 2020	For the year ended 31 December 2019
	£	£
Current tax:		
UK corporation tax on profit for the year	**(123,487)**	(149,788)
Adjustments in respect of prior periods	**-**	(7)
Total current tax	**(123,487)**	(149,795)
Deferred tax:		
Origination and reversal of timing differences	**123,867**	151,058
Deferred tax debit relating to change in tax rate	**(72,437)**	72,437
Total deferred tax (see note 12)	**51,430**	223,495
Tax expense	**(72,057)**	73,700

The tax assessed for the year is lower (2019: higher) than the standard rate of corporation tax in the UK for the year (19%) (2019: 19%). The differences are explained below:

	For the year ended 31 December 2020	For the year ended 31 December 2019
	£	£
Profit before taxation	**2,000**	6,685
Profit multiplied by standard rate in the UK 19% (2019: 19%)	**380**	1,270
Effects of:		
- Deferred tax debit relating to change in tax rate	**(72,437)**	72,437
- Adjustments in respect of prior periods	**-**	(7)
Tax expense	**(72,057)**	73,700

Notes to the financial statements (continued)

7 Tax expense (continued)

There was a change in the UK main corporation tax rate from 20% to 19%, effective from 1 April 2017.

Further changes in the UK tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19 percent, rather than the previously enacted reduction to 17 percent. Deferred tax balances at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

8 Dividends

	For the year ended 31 December 2020	For the year ended 31 December 2019
Equity – ordinary	**£**	£
Final paid: £50,598 (2019: £1,496,174) per £1 ordinary share	**151,794**	4,488,522
	151,794	4,488,522

9 Investments

	Shares in IZT	**Total**
	£	**£**
Net book value		
At 1 January 2020 and 31 December 2020	**1,040**	**1,040**

Other investment

Name	**Place of incorporation**	**Description of shares held**	**% ownership of shares held**
Interconnector Zeebrugge Terminal BV / SRL – other investment	Belgium	Class "C" share of €1,239	1

Investment comprises 1% of equity shares in Interconnector Zeebrugge Terminal BV / SRL (2019: 1%). The principal activity of IZT is the operation of gas terminal facilities at Zeebrugge, Belgium. The registered address is Rue Guimard 4, BE – 1040 Brussels.

Notes to the financial statements (continued)

9 Investments (continued)

The directors believe that the carrying value of the investment is supported by the underlying net assets and the present value of the estimated future cash flows.

10 Debtors: amounts falling due within one year

	31 December 2020	31 December 2019
	£	£
Amounts owed by parent undertaking	**125,489**	151,796
	125,489	151,796

The amounts owed by the parent undertaking are unsecured, repayable on demand and bear interest at a variable rate linked to the London Interbank Offered Rate ("LIBOR").

11 Provisions

The provision for deferred tax consists of the following deferred tax assets:

	31 December 2020	31 December 2019
	£	£
Deferred tax assets due within 12 months	**(101,571)**	(110,828)
Deferred tax assets due after more than 12 months	**(462,712)**	(504,885)
Total deferred tax (asset) / provision	**(564,283)**	(615,713)

Deferred taxation	31 December 2020	31 December 2019
	£	£
Capital allowances on finance lease	**(564,283)**	(615,713)
	(564,283)	(615,713)
Movement on deferred taxation:		
Deferred tax at beginning of the year	**(615,713)**	(839,208)
Deferred tax credit in profit and loss account	**51,430**	223,495
Closing deferred tax (asset)/ provision	**(564,283)**	(615,713)

Notes to the financial statements (continued)

12 Called up share capital

	31 December 2020	31 December 2019
	£	£
Allotted, called up and fully paid		
3 (2019: 3) ordinary shares of £1 each	**3**	3

All shares rank pari passu in all respects.

13 Ultimate parent undertaking

The immediate parent undertaking and the smallest group to consolidate these financial statements is Interconnector (UK) Limited, a company registered in England and Wales, United Kingdom. Consolidated financial statements for Interconnector (UK) Limited are available from its registered office at 15-16 Buckingham Street, London, WC2N 6DU, UNITED KINGDOM.

The ultimate parent undertaking and the largest group to consolidate these financial statements is Publigas SA, whose registered office is Galerie Ravenstein 4, 1000 Brussels, Belgium. Consolidated financial statements for Publigas SA are available at its registered address.

14 Commitments and contingencies

There are no contingent liabilities as of 31 December 2020.

15 Post balance sheet events

The directors recommended the payment of a final dividend of £41,829 per ordinary share amounting to £125,487. The dividend is expected to be approved and paid in May 2021.