

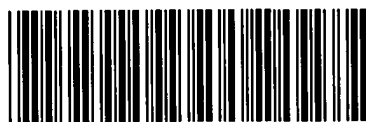
INTERNATIONAL POWER FUEL COMPANY LIMITED

Company Number: 03867156

Annual Report and Financial Statements

For the year ended 31 December 2018

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COMPANIES HOUSE

Officers and Principal Advisors

Directors

Mr K Dibble (resigned 01/01/2018)
Mr D Alcock
Mr S Pinnell
Mr A Garner (appointed 01/01/2018)

Secretary

Sarah Jane Gregory

Auditor

Ernst & Young LLP
Statutory Auditor
2 St Peter's Square
Manchester
M2 3EY
United Kingdom

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Registered Office

Level 20
25 Canada Square
London
E14 5LQ

Strategic report

The Directors present their Strategic report for the Company for the year ended 31 December 2018.

Principal activities

The principal activity of the Company is the supply of UK gas transportation services on behalf of other group companies and their clients.

Business review

The Company's Turnover has decreased from the previous year due to the reduction in the gas shipping requirements of the Company's customers. The Company will continue to provide gas transportation services to other parts of the ENGIE group in the future.

The Company is showing a loss before tax of £11k compared to a loss before tax of £7k in 2017. There is no profit generated from providing gas transportation services as invoices paid are fully recharged with no premium added. The loss is caused by the costs of credit support and the audit fee. Previously, the credit support costs were borne by another company in the ENGIE group. After the Company became fully owned by ENGIE S.A. on 20 December 2017, it began to directly cover the cost of the credit support.

Key Performance Indicators

Company performance is monitored using KPIs for both profitability and cash flow. Monthly meetings are held at a group level to review performance and any issues are escalated to management as appropriate.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are broadly grouped as follows:

Competitive pressure in the UK energy market is a continuing indirect risk for the Company, to the extent that it affects the provision of gas transportation services. The Company continually monitors its activities and risks with respect to the UK energy market.

The Company operates in an evolving European energy regulatory environment including the Regulation on Energy Market Integrity and Transparency (REMIT) coming into effect. The Company operates within applicable regulations and works with regulatory advisors within the ENGIE Group and industry to ensure it remains compliant.

The Company manages credit exposures to counterparties by establishing clearly defined limits, policies and procedures. The largest receivables relate to trade receivables to undertakings within the ENGIE group for which the Company can demand payment at any time. The Company continually reviews its receivable position and the credit risk associated with this position. The Directors believe that payment default remains a low risk and have assessed this exposure as acceptable.

With respect to treasury activities, the Company's financial counterparty credit exposure is principally limited to cash pooling arrangements with ENGIE Treasury Management S.a.r.l., also included within 'Amounts owed by group undertakings'.

Strategic report (continued)

Deeside Power (UK) Ltd ended electricity production on 31 March 2018 and therefore no longer required gas transportation services after this date. Therefore, the demand for gas transportation services from IPM Energy Trading Limited on behalf of Deeside Power (UK) Ltd ended during the middle of 2018. The financial effect on the Company is limited as all invoices relating to Deeside Power (UK) Ltd were raised on a back to back basis.

The Company entered a Current Account Agreement with IPM Holdings (UK) Limited on 22 November 2013. The Company was able to drawdown required funds to a limit of £3,000,000 to cover its daily cash requirements. A deed of termination dated 30 July 2018 was signed to cease the agreement. The liabilities and potential liabilities of the Company are such that there are no cash flow concerns because of this change.

Events after the end of the reporting period

There are no events to report after the end of the reporting period.

Future developments

The Company will continue to provide UK gas transportation services to other members of the ENGIE Group and their clients. The Company has no other significant future developments to report.

This report was approved by the board on 18 September 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S. Pinnell', is written over a horizontal line.

S. Pinnell

Director

18 September 2019

Directors' report

The Directors present their annual report and the Company's audited financial statements for the year ended 31 December 2018.

The following information has been disclosed in the Strategic report:

- Principal activities
- Business review and KPIs
- Principal risks and uncertainties
- Events after the end of the reporting period
- Future developments

Directors

The Directors of the Company who served during the year ended 31 December 2018 and subsequently were:

Mr D Alcock

Mr S Pinnell

Mr K Dibble (resigned 01/01/2018)

Mr A Garner (appointed 01/01/2018)

The company secretary who held office during the year and subsequent to the year-end was Sarah Jane Gregory.

Directors' and officers' liability insurance

The Company has made qualifying third party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force at the date of this report, to indemnify them against certain liabilities which they may incur in their capacity as Directors or officers of the Company, including liabilities in respect of which the Company is itself unable to provide an indemnity by virtue of Section 232 of the Companies Act 2006.

Political donations

The Company did not make any political donations during the year (2017: £nil).

Results and dividends

The results of the Company are set out in the Profit and loss account on page 11 and show a loss before taxation of £11k (2017: loss of £7k) and a loss after taxation of £9k (2017: loss of £6k).

The net assets of the Company at the end of 2018 were £1,432k (2017: net assets of £1,441k). The Directors do not recommend the payment of a dividend for the year (2017: £nil).

Going concern

The Company's activities, together with the factors likely to affect its future development and position, are set out in the Strategic report. The Company provides support services and is therefore dependent on those companies for its source of revenue. After consideration of a letter of continued service received from the company in receipt of the services, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors' report (continued)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be appointed and is Ernst & Young LLP.

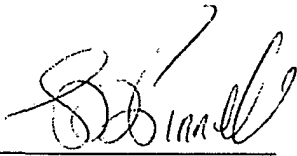
Directors' statement as to disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this report confirms 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 he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

This report was approved by the board on 18 September 2019 and signed on its behalf by:



S. Pinnell

Director

18 September 2019

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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; 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF International Power Fuel Company Limited

Opinion

We have audited the financial statements of International Power Fuel Company Limited for the year ended 31 December 2018 which comprise Profit and Loss Account, the Balance Sheet and the Statement of changes in equity and the related notes 1 to 15, 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 2018 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF International Power Fuel Company Limited (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement (set out on page 7), 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF International Power Fuel Company Limited (continued)

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Ernst & Young LLP

Anne Wong (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
20th September 2019

Profit and loss account
for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000 Restated *
Turnover	3	1,677	2,107
Cost of sales		(1,677)	(2,107)
Gross profit		<u>-</u>	<u>-</u>
Administrative expenses		(4)	(5)
Operating loss		<u>(4)</u>	<u>(5)</u>
Interest receivable and similar income	7	14	7
Interest payable and similar expenses	8	(21)	(9)
Loss before taxation		<u>(11)</u>	<u>(7)</u>
Tax on loss	9	2	1
Loss for the financial year and total comprehensive income		<u>(9)</u>	<u>(6)</u>

There are no other gains or losses other than those recognised above; as a result no Statement of Comprehensive Income has been prepared. All results arose from continuing operations.

The notes on pages 14 to 22 form an integral part of these financial statements.

*See note 2 for explanation of restatement

Balance sheet

at 31 December 2018

	Note	2018 £'000	2017 £'000
Current assets			
Debtors: amounts falling due within one year	11	2,298	1,954
Cash at bank and in hand		-	-
Total current assets		<u>2,298</u>	<u>1,954</u>
Current liabilities			
Creditors: amounts falling due within one year	12	(866)	(513)
Net current assets		<u>1,432</u>	<u>1,441</u>
Net assets		<u>1,432</u>	<u>1,441</u>
Capital and reserves			
Called up share capital	13	-	-
Share premium account		1,411	1,411
Profit and loss account		21	30
EQUITY SHAREHOLDERS' FUNDS		<u>1,432</u>	<u>1,441</u>

The notes on pages 14 to 22 form an integral part of these financial statements.

The financial statements of International Power Fuel Company Limited, registered number 03867156, were approved and authorised for issue by the Board of Directors on 18 September 2019 and signed on its behalf by:



S. Pinnell

Director

Statement of changes in equity

for the year ended 31 December 2018 and 31 December 2017

	Share Capital £'000	Share Premium £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2018	-	1,411	30	1,441
Loss for the year	-	-	(9)	(9)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(9)	(9)
Dividends paid	-	-	-	-
At 31 December 2018	-	1,411	21	1,432
At 1 January 2017	-	1,411	36	1,447
Loss for the year	-	-	(6)	(6)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(6)	(6)
Dividends paid	-	-	-	-
At 31 December 2017	-	1,411	30	1,441

The notes on pages 14 to 22 form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2018

1. Authorisation of financial statements and statement of compliance with FRS 101

International Power Fuel Company Limited is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 3.

The financial statements of International Power Fuel Company Limited (the 'Company') for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 18 September 2019 and the Balance sheet was signed on the Board's behalf by S. Pinnell.

The Company is 100% owned by IP Karugamo Holdings (UK) Limited which is 100% owned by its ultimate parent, ENGIE S.A. It is included in the consolidated financial statements of ENGIE S.A. which are publicly available and can be obtained as set out in note 15.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

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

2.1 Basis of Preparation

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the cash flow statement, share-based payments, financial instruments, standards not yet effective, impairment of assets and related party transactions.

The Company has also taken advantage of the exemption from the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of the ENGIE S.A. group where those party to the transaction are wholly owned by a member of the group.

Where required, equivalent disclosures are given in the group accounts of ENGIE S.A. (formerly GDF SUEZ S.A.). The group accounts of ENGIE S.A. are available to the public and can be obtained as set out in note 15.

New and revised IFRS applied

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

• IFRS 15 revenue from Contracts with Customers (effective date 1 January 2018)

IFRS 15 supersedes IAS 18 Revenue and related interpretations and applies, with limited exceptions, to all revenue arising from contracts with customers. The Company has adopted IFRS 15 with the date of initial application being 1 January 2018.

Notes to the Financial Statements

for the year ended 31 December 2018

2. Accounting policies (continued)

2.1 Basis of Preparation (continued)

The Company's revenue streams are not considered particularly complex in nature and revenue will continue to be recognised once the control of services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange of the services provided. The adoption of this standard has not resulted in any material effect to these financial statements due to there being no differences in performance obligations, timing of recognition or measurement, and there is no restatement of the comparative information.

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

IFRS 9 Financial Instruments replaces IAS 39 Financial instruments: Recognition and Measurement. The Company has applied IFRS 9 with an initial application date of 1 January 2018. The adoption of this standard has not resulted in material effect to these financial statements due to there being no difference in the timing of recognition or measurement, and there is no restatement of the comparative information.

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

The Company's financial statements are presented in Pounds Sterling, because that is the currency of the primary economic environment in which the Company operates, and all values are rounded to the nearest Thousand Pounds Sterling (£'000) except when otherwise indicated.

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, and its exposure to market, currency and other applicable risks are described in the Strategic report and the Directors' report.

The Directors have considered the going concern basis and concluded that it is appropriate to continue to adopt the going concern basis in preparing the Annual Report and financial statements. In performing this assessment, the Directors have considered a letter of continued service from the company in receipt of the services and reviewed the Company's cash flow forecasts for the next 12 months from the date of the approval of the financial statements. On this basis, they have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future.

2.2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

Notes to the Financial Statements

for the year ended 31 December 2018

2. Accounting policies (continued)

2.2 Significant accounting policies (continued)

The Company has no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company has made no significant judgements that impact the results.

2.3 Restatement

The company has reassessed how it presents invoices received post year-end but relating to the reported financial year. It has concluded that the 2017 figures should be amended to reflect invoices received from third parties that are then recharged on a back to back basis. In the prior year, the adjustment was based on the aggregate balances on counterparty accounts rather than on the individual invoices/credit notes received. The impact of this restatement is summarised below:

P&L	2017 £'000 As restated	2017 £'000 As previously reported
Revenue	2,107	2,737
Cost of Sales	(2,107)	(2,737)
	—	—
Gross Margin	0	0
	—	—

There is no impact on the balance sheet figures or equity in the prior period.

2.4 Significant accounting policies

(a) Revenue recognition

The principal revenue of the Company is the supply of UK gas transportation services on behalf of other companies within the ENGIE group and their clients. Revenue is recognised after receipt of a corresponding supplier invoice which is wholly recharged without any additional premium

(b) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the Balance sheet date. Exchange differences arising in the normal course of business and on the translation of monetary assets and liabilities are dealt with in the Profit and loss account.

Notes to the Financial Statements

for the year ended 31 December 2018

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

(c) Value added tax

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of debtors or creditors in the Balance sheet.

(d) Taxation

Income tax on the results for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

(e) Intercompany debtors

Intercompany debtors pay for services on the day prior to the Company paying external creditors. This is to ensure cash is in hand by the Company before it is paid out to external counterparties. Intercompany debtors for the Company are classified as current assets and are recognised at cost. There is no interest charged on the invoices. The Company has considered whether an impairment is required on the invoices but has concluded this is unnecessary due to the short payment terms.

(f) Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors for the Company are classified as current liabilities and are recognised at cost.

(g) Cash at bank and in hand

Cash comprises deposits held at call with banks with an insignificant risk of change in value

(h) Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Notes to the Financial Statements

for the year ended 31 December 2018

3. Turnover

Turnover was generated in the UK primarily from the supply of gas transportation services

An analysis of the Company's turnover is as follows:

	2018 £'000	2017 £'000
Supply of Gas Transportation Services	1,677	2,107
	<u>1,677</u>	<u>2,107</u>

4. Auditor's remuneration

In 2018, fees payable to Ernst & Young LLP and their associates for the statutory audit of the Company's annual accounts were £5k.

In 2017, fees payable to Deloitte LLP and their associates for the statutory audit of the Company's annual accounts were £5k.

There were no fees payable by the Company to Ernst & Young LLP or Deloitte LLP for non-audit services (2017: nil).

5. Directors' remuneration

The Directors did not receive any fees or emoluments from the Company during the year (2017: £nil) directly attributable to their position within the Company. Their services as Directors attributable to the company are inconsequential to their other roles and Director fees are paid by other entities in their management of the group as a whole.

6. Staff costs

The Company has no direct employees (2017: none). All staff are employed by International Power Ltd and their costs are borne by another member of the Group.

Notes to the Financial Statements

for the year ended 31 December 2018

7. Interest receivable and similar income

	2018 £'000	2017 £'000
Interest received from group undertakings	8	7
Foreign exchange gain on monetary items	6	-
Total interest income	<u>14</u>	<u>7</u>

Interest is received on cash balances pooled with ENGIE Treasury Management S.a.r.l. ("ETM") throughout 2017 and 2018.

8. Interest payable and similar expenses

	2018 £'000	2017 £'000
Fees payable on intra group credit facilities	(21)	-
Foreign exchange loss on monetary items	-	(9)
Total interest expense	<u>(21)</u>	<u>(9)</u>

Fees payable on intra group credit facilities are related to letters of credit. Fees are payable on these at market based rates.

Notes to the Financial Statements

for the year ended 31 December 2018

9. Tax on loss

The tax credit comprises:

	2018 £'000	2017 £'000
Current income tax:		
UK corporation tax on loss of the year	2	1
Tax credit	<u>2</u>	<u>1</u>

The Company operates primarily in the UK. The applicable statutory tax rate for the current period is 19% (2017 19.25%). The applicable statutory tax rate of 19.25% represents a weighted average rate based on 20% applicable for the three months to 31 March 2017 and 19% applicable from 1 April 2017.

The charge for the year can be reconciled to the loss in the profit and loss account as follows:

	2018 £'000	2017 £'000
Reconciliation of tax charge:		
(Loss) before tax	(11)	(7)
(Loss) multiplied by rate of corporation tax of 19% (2017: 19.25%)	2	1
Tax credit in the profit and loss	<u>2</u>	<u>1</u>

Factors that may affect future tax charges

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

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

10. Dividends paid

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2018 (2017: £nil).

Notes to the Financial Statements

for the year ended 31 December 2018

11. Debtors: amounts falling due within one year

	2018 £'000	2017 £'000
Amounts owed by group undertakings	1,371	1,328
Other Debtors and Prepayments	927	626
	<u>2,298</u>	<u>1,954</u>

Amounts owed by group undertakings in 2018 includes £1,358k (2017: £1,328k) cash pooled with another company in the ENGIE group, ENGIE Treasury Management S.a.r.l. ("ETM"). The funds are receivable to International Power Fuel Company on demand (same day) as required by the Company to cover daily cash requirements. The cash pooled is unsecured and the risk is considered minimal as ENGIE SA has an "A-" credit rating. Interest of £8k was received in 2018 (2017: £7k) regarding the balance held by the ETM.

In addition, amounts owed by group undertakings in 2018 includes £13k (2017: £0) debtors, for gas transportation services, due as part of the standard trading relationship.

Other Debtors and Prepayments in 2018 includes £846k (2017: £508k) accruals for UK gas transportation services performed in 2018 but invoiced in 2019. The remaining balance is in relation to VAT.

12. Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade Creditors	15	-
Accruals and deferred income	846	513
Fee accrual on intra group credit facilities	5	-
	<u>866</u>	<u>513</u>

Accruals and deferred income in 2018 includes £846k (2017: £508k) accruals for UK gas transportation services performed in 2018 but invoiced in 2019.

Fees payable on intra group credit facilities are related to letters of credit.

Notes to the Financial Statements

for the year ended 31 December 2018

13. Share capital

	2018 £	2017 £
<i>Authorised</i>		
4 ordinary shares of £1 each	<u>4</u>	<u>4</u>
<i>Called up, allotted and fully paid</i>		
4 ordinary shares of £1 each	<u>4</u>	<u>4</u>

The shares have attached to them equal voting, dividend and capital distribution (including on winding up) rights.

14. Related party transactions

During the year, the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly-owned subsidiaries.

15. Controlling party

The Company's immediate parent undertaking is IP Karugamo Holdings (UK) Limited, a Company registered in England and Wales, the registered address of which is Level 20, 25 Canada Square, London E14 5LQ, United Kingdom.

The Directors consider the Company's ultimate parent undertaking and ultimate controlling party to be ENGIE S.A., which was incorporated in France and is headquartered in Paris, France and which is the parent undertaking of the largest and smallest group in which the results of the Company are consolidated for the year ended 31 December 2018 and the year ended 31 December 2017. The consolidated financial statements of ENGIE S.A. may be obtained from its registered office at 1 Place Samuel de Champlain, 92400 Courbevoie, Paris, France.