

WINGAS UK Limited
Annual Report and Financial
Statements
31 December 2018

Registered number 5042905



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Strategic Report

Business strategy and model

The Company's principal activity was the supply of natural gas to Industrial and Commercial (I&C) gas users through the Natural Gas pipeline transportation system within the United Kingdom.

With effect from May 2017, the customer contracts of WINGAS UK Limited were transferred to Gazprom Marketing & Trading Retail Limited, a wholly owned subsidiary of the ultimate parent company, PAO Gazprom, a company incorporated in Russia which together with PAO Gazprom's other subsidiary undertakings, form the "Gazprom Group".

The key objective of the business in 2018 was to achieve an orderly realisation of the remaining assets and liabilities associated with the business. Moving forwards the Director's strategy is to utilise the entity to support wider Gazprom group commercial activities where opportunities arise.

Review of the business

For the year under review the business continued to manage its legacy volume reconciliation position and undertook some UK gas supply at National balancing points and UK beach entry points in support of the Gazprom group.

On 29 June 2018 the Company undertook a capital reduction process in accordance with sections 642-644 Companies Act 2006 cancelling and extinguishing all but one of the 4,850,000 fully paid ordinary shares of £1 each and extinguishing the unpaid liability in respect of, and cancelling, all of the 1,500,000 unpaid ordinary share of £1 each in the capital of the Company

Following the transfer of the customer contracts out of the business in the prior year, the key performance indicator for the year under review was the successful realisation of remaining assets from the business whilst minimising any remaining costs being incurred.

The Company reported a profit before taxation in 2018 of £2,362k (2017: £1,094k) arising primarily from release of legacy accruals no longer deemed required by the business.

The Company paid an interim dividend of £750k in 2018 (2017: £500k).

Principal risks and uncertainties

The Company's normal operating and financing activities expose it to a variety of risks. Risk is defined as the effect of uncertainty on objectives. In pursuit of its strategic, financial and operational objectives the Company seeks to retain exposure to some risks, and avoid, minimise or eliminate others where possible and cost effective. The principal risks identified by the Director of the Company can be aggregated under the following broad categories:

Strategic risk

The risk of loss from poor strategic decision making, or from external events that have an impact at a strategic level of the organisation. With low levels of current activity the potential risk to the business is considered to be relatively small.

Foreign currency risk

The Company is exposed to currency risk on foreign currency denominated forecast transactions, firm commitments, monetary assets and liabilities (transactional exposure). The majority of the Company's activities are denominated in Sterling at present and therefore exposure to currency risk is relatively low.

Strategic Report *(continued)*

Credit risk

Credit risk is the risk of negative financial impact due to a counterparty's failure to meet its contractual obligations in accordance with agreed terms. This includes failure to make payment(s), or general non-performance of the full contract terms. Credit risk is mitigated by credit provisions, including material adverse change, contractual clauses and default provisions. This risk is continually monitored and controlled by credit checks, insurance and the taking of security.

Operational risk

Operational risk is associated with the processes and systems which are necessary to engage in our commercial activities. The Director has group support measures in place to ensure continuing processes and procedures.

Liquidity risk

The risk that the Company is not able to meet its cash and collateral payment obligations as they fall due, or that it is unable to fund actual or proposed commitments on an ongoing basis. The Company aims to maintain sufficient cash reserves to meet all foreseeable future requirements.

Legal and regulatory risk

Legal and regulatory risks arise from the sudden change in the regulatory environment and non-compliance of WINGAS UK. The Director mitigates these risks by monitoring external regulatory requirements, internal control procedures (four eyes principle, segregation of duties) and appropriate training of personnel.

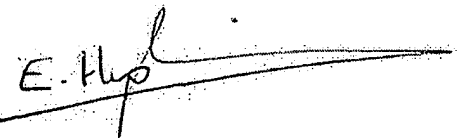
Brexit – the withdrawal of the United Kingdom ("UK") from the European Union ("EU")

Due to the high level of uncertainty on the outcome of Brexit negotiations and the issue of whether the UK will leave the EU on March 29th, 2019 as the result of a "hard" Brexit, The Gazprom Group has been closely monitoring and working on mitigation of the associated risks. Given the low level of transactional activity this is not currently considered a material risk to the business.

Future developments

The Director will continue to execute the transition and realisation of the business diligently implementing a plan that will take into account the interests of stakeholders, whilst ensuring that all statutory and contractual duties are fully met. Future opportunities to utilise the entity shipper licence in support of wider Gazprom group commercial activities are being explored.

The Strategic Report was approved and signed by the Director in accordance with Section 414 of the Companies Act 2006.



E Humphreys
Director

Date:

04/06/2019

20 Triton Street,
London,
England,
NW1 3BF

Director's Report

The Director presents the audited financial statements of WINGAS UK Limited ("the Company") for the year ended 31 December 2018.

Principal activities

The principal activity of the Company, as disclosed in the Strategic report, was the orderly realisation of the remaining assets and liabilities associated with the legacy activity of trading and marketing of natural gas to Industrial and Commercial (I&C) customers along with UK gas supply at National balancing points and UK beach entry points in support of the Gazprom group.

Dividends

~~The Company paid an interim dividend of £750k during 2018 (2017: £500k).~~

The Director has not proposed a final ordinary dividend in respect of the current financial year (2017: £nil).

Directors

The Directors who held office during the year and up to the date of approval of these financial statements were as follows:

E Humphreys (appointed 3 August 2018)
A Smith (resigned 3 August 2018)
L Moehring (resigned 6 February 2018)

There are no Director's interests in the share capital of the Company as at the date of the financial statements requiring disclosure under the Companies Act 2006.

Political and charitable contributions

The Company made no political contributions during the year (2017: £nil). Donations to UK charities amounted to £nil (2017: £nil).

Strategic Report

The following items have been included within the Strategic Report on pages 1 to 2:

- Business strategy and model
- Review of the business including key performance indicators
- Principal risks and uncertainties
- Future developments

Employees

Subsequent to the transition of the customer contracts to Gazprom Marketing & Trading Retail Limited in May 2017, there are no employees of the business for the year under review.

Director's Report *(continued)*

Statement of going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Company is set out in the financial statements.

Having considered the decision to transfer customer contracts, reserves available to the Company and the continuing support to be provided by the group as the entity reduces its activities, the Director considers it appropriate to prepare the financial statements on an orderly realisation basis rather than a going concern basis. Accordingly, assets previously recognised as non-current have been recognised within current assets and provisions for any identified onerous contracts have been duly recognised.


Disclosure of information to auditors

The Director, in accordance with Section 418 of the Companies Act 2006, has confirmed the following statement that in respect of the audit of WINGAS UK Limited for the year from 1 January 2018 to 31 December 2018:

- all relevant audit information has been made available to the Company's auditors; and
- as Director all appropriate steps have been taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.


E Humphreys
Director

04/06/2019

20 Triton Street,
London,
England,
NW1 3BF

Statement of director's responsibilities

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements 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 group and company will continue in business. As explained in note 1, the director does not believe that it is appropriate to prepare these financial statements on a going concern basis.

The director is 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.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors' report to the members WINGAS UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, WINGAS UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit and cash flows for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
-
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2018; the Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Independent auditor's report to the members of WINGAS UK Limited
(continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Director's Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Director's Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Director's Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Director's Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement director's responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Independent auditor's report to the members of WINGAS UK Limited
(continued)

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

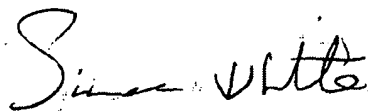
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Simon White (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

4 June 2019

Profit and Loss Account
for the year ended 31 December 2018

	<i>Note</i>	2018 £000	2017 £000
Turnover	2	11	99,162
Cost of sales		1,951	(90,868)
Gross profit		1,962	8,294
Distribution income/(costs)		133	(6,890)
Administrative income/(expenses)		225	(288)
Operating profit	3	2,320	1,116
Interest receivable and similar income	7	50	4
Interest payable and similar expenses	8	(8)	(26)
Profit before taxation		2,362	1,094
Tax on profit	9	(432)	(225)
Profit for the financial year		1,930	869

All amounts above relate to discontinued operations.

Statement of Comprehensive Income
for the year ended 31 December 2018

	2018 £000s	2017 £000s
Profit for the financial year	1,930	869
Total comprehensive expense for the year	1,930	869
Total comprehensive expense attributable to:		
Equity owners of the Company	1,930	869

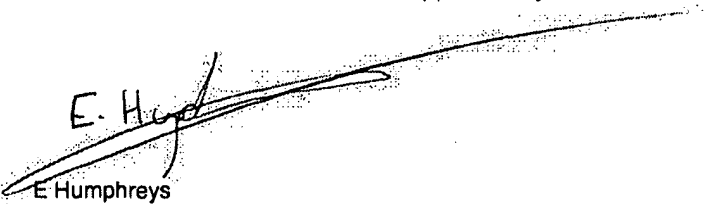
The notes on pages 13 to 22 form part of the financial statements.

Balance Sheet
As at 31 December 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Current assets					
Debtors	10	78		2,212	
Cash at bank and in hand		<u>11,697</u>		<u>12,333</u>	
		11,775		14,545	
Creditors: amounts falling due within one year	11	<u>(4,295)</u>		<u>(6,319)</u>	
Net current assets			7,480		8,226
Total assets less current liabilities			7,480		8,226
Provisions for liabilities	12				(426)
Net assets			7,480		7,800
Capital and reserves					
Called up share capital	13		0		6,350
Profit and loss account	14		7,480		1,450
Total Shareholders' funds			7,480		7,800

The notes on pages 13 to 22 form part of the financial statements.

These financial statements were approved by the Director on 04/06/2019 and were signed by:


E. Humphreys

Director
WINGAS UK Limited
Registered number 5042905

04/06/2019

Statement of Changes in Equity
for the year ended 31 December 2018

	Called up Share Capital £000	Profit & Loss Account £000	Total £000
Balance at 1 January 2017	6,350	1,081	7,431
Profit for the financial year	-	869	869
Dividend paid	-	(500)	(500)
Balance at 31 December 2017 and 1 January 2018	6,350	1,450	7,800
Profit for the financial year	-	1,930	1,930
Capital redemption	(6,350)	4,850	(1,500)
Dividend paid	-	(750)	(750)
At 31 December 2018	-	7,480	7,480

The notes on pages 13 to 22 form part of the financial statements.

Cash Flow Statement
for the year ended 31 December 2018

	2018 £000	2017 £000
Cash flows from operating activities		
Operating Profit	2,320	1,116
Depreciation charges	-	23
Bad debts written off	(26)	69
(Decrease)/Increase in provisions	(426)	(2,363)
Decrease/(Increase) in debtors	437	37,373
(Decrease)/Increase in creditors	(2,258)	(40,618)
	<u>47</u>	<u>(4,400)</u>
Taxation recovered/(paid)	25	5
Net cash (outflow)/inflow from operating activities	<u>72</u>	<u>(4,395)</u>
Cash flow (used in)/generated from operating activities	72	(4,395)
Cash flows from investing activities		
Interest received	50	4
Disposal/(Acquisition) of other intangible assets	-	49
Net cash generated from/(used in) investing activities	<u>50</u>	<u>53</u>
Cash flows from financing activities		
Interest paid	(8)	(26)
Dividends paid	(750)	(500)
Net cash used in financing activities	<u>(758)</u>	<u>(526)</u>
Cash (outflow)/inflow before management of liquid resources and financing	<u>(636)</u>	<u>(4,868)</u>
(Decrease)/Increase in cash in the year	<u>(636)</u>	<u>(4,868)</u>
Cash and cash equivalents at 1 January	12,333	17,201
Cash and cash equivalents at 31 December	<u>11,697</u>	<u>12,333</u>

The notes on pages 13 to 22 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Corporate Information

WINGAS UK Limited is a private company limited by shares which is incorporated and domiciled in the UK at 20 Triton Street, London, NW1 3BF.

The financial statements of UK GAAP Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The preparation of financial statements in conformity with FRS 102 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. Where material, 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.

FRS 102 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 102. Note 20 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The key disclosure exemptions adopted by the Company in accordance with FRS 102 are as follows:

- The requirements in IAS 24: *Related Party Disclosures*.

Following the agreement to transfer all customer contracts effective 1 May 2017 the Director deems it prudent to continue to not prepare financial statements on a going concern basis. Having considered the transfer of trade, reserves available to the Company and continuing support to be provided by the wider group the director considers it appropriate to prepare the financial statements on an orderly realisation basis. Accordingly, assets previously recognised as non-current have been recognised within current assets and provisions for any identified onerous contracts have been duly recognised. This accounting basis has been applied in current and comparative years.

Foreign currencies

a) Functional and presentation currency

The Company's financial statements are presented in Sterling, which is also the Company's functional currency.

Notes (continued)

1 Accounting policies (continued)

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, except where hedging criteria are met.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, that can be measured reliably, and it is probable that economic benefits will be required from the Company to settle that obligation. Provisions are measured at the Director's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Where discounting is used, the increase in the provision due to the passage of time is recognised in the profit and loss account within interest payable and similar charges.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

Cash and cash equivalents

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease. Where lease agreements have been identified as fulfilling the definition of an onerous contract provision for the future expected costs has been duly recognised.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. 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 tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

a) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. 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.

Notes (continued)

1 Accounting policies (continued)

b) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Turnover

Revenue is matched to the period of supply. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable for the supply of gas net of VAT and other sales related taxes.

Cost of sales

Cost of sales includes the cost of gas purchased during the year and related transportation, distribution costs, balancing charges, bought-in materials and services.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Any Capital reduction is recognised by extinguishing and cancelling all rights and obligations associated with the share capital with a corresponding value increase to distributable reserves.

Distributions to equity holders

Dividends and other distributions to Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

Notes (continued)

2 Turnover

Turnover, profit before taxation and net assets are all attributable to the Company's principle activity of trading in, and marketing of natural gas. All of the Company's activities are within the United Kingdom.

3 Operating profit

Operating profit is stated after charging/(crediting):

	2018 £000	2017 £000
Hire of plant and machinery - operating leases	-	2
Depreciation – owned fixed assets	-	23
Industry provision release	(2,221)	(1,705)
Onerous provision release (see note 4)	(252)	-
	<u> </u>	<u> </u>

Auditors' remuneration:

	2018 £000	2017 £000
Audit of these financial statements	14	19
	<u> </u>	<u> </u>

4 Exceptional items

	2018 £000	2017 £000
Recognised in arriving at operating profit:		
Provision for onerous operating lease – release of provision - credit to profit and loss	(252)	-
	<u> </u>	<u> </u>
	<u>(252)</u>	<u> </u>

5 Remuneration of directors

	2018 £000	2017 £000
Director's emoluments	-	24
	<u> </u>	<u> </u>

In 2018 there was no director who was remunerated by the Company (2017: 1). The aggregate of emoluments and amounts receivable by the highest paid director were £nil (2017: £24,435). There were no contributions made to the Company pension scheme on behalf of directors (2017: £nil).

Notes (continued)

6 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2018	2017
Administration	-	6
Sales	-	2
Operations	-	3
	<u>-</u>	<u>11</u>

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£000	£000
Wages and salaries	-	888
Social security costs	(13)	75
Other pension costs	-	83
	<u>(13)</u>	<u>1,046</u>

7 Interest receivable and similar income

	2018	2017
	£000	£000
Bank interest received	50	4
	<u>50</u>	<u>4</u>

8 Interest payable and similar expenses

	2018	2017
	£000	£000
Bank interest and fees	8	26
	<u>8</u>	<u>26</u>

Notes (continued)

9 Tax on profit

Analysis of charge/(credit) in period

	2018 £000	2017 £000
<i>UK corporation tax</i>		
Current tax on income for the period	452	50
Payment for group relief	-	80
Adjustments in respect of prior periods	(20)	20
	<u>432</u>	<u>150</u>

Deferred tax

Reversal of timing differences in respect of prior periods		75
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Tax charge on profit	<u>432</u>	<u>225</u>
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Factors affecting the tax charge for the current year

The tax charge is lower (2017: higher) than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%), the differences are explained below.

	2018 £000	2017 £000
<i>Current tax reconciliation</i>		
Profit before taxation	2,362	1,094
Current tax at 19.00% (2017: 19.25%)	<u>449</u>	<u>211</u>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	4	(2)
Group relief paid for at non-standard rate	-	(80)
Adjustments in respect of prior periods	(20)	95
Other	(1)	1
Total tax charge (see above)	<u>432</u>	<u>225</u>

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 on 6 September 2016. These include a further reduction in the main rate of corporation tax to the rate reductions enacted in Finance Act 2015. The main rate of corporation tax was 19% from 1 April 2017 and reduces to 17% from 1 April 2020. This will reduce the Company's future current tax charge accordingly.

Notes (continued)

10 Debtors

	2018 £000	2017 £000
Trade debtors	8	114
Share capital to be paid	-	1,500
Amounts owed by group undertakings	2	139
Other debtors	68	234
Corporation tax recoverable	-	160
Prepayments and accrued income	-	65
	<u>78</u>	<u>2,212</u>

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

11 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	3,867	5,916
Amounts owed to group undertakings	67	240
Taxation and social security	312	-
Other creditors	2	2
Accruals and deferred income	47	161
	<u>4,295</u>	<u>6,319</u>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

Notes (continued)

12 Provisions for other liabilities

	Onerous operating leases £000	Total £000
Cost		
At 1 January 2018	426	426
Utilisation during the year	(174)	(174)
Unused amounts reversed to the profit and loss account	(252)	(252)
At 31 December 2018	<u>0</u>	<u>0</u>

Onerous operating leases

A provision is recognised for future contractual operating lease commitments for premises that were vacated in 2017. Provision for rental and dilapidation costs including associated break premiums was made up to the point of contractual break clause in 2019. The Company successfully negotiated early termination of the property lease in August 2018 and remaining associated onerous provisions were released.

13 Called up share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
1 (2017: 4,850,000) ordinary shares of £1 each	0	4,850
Allotted, called up and unpaid		
Nil (2017: 1,500,000) ordinary shares of £1 each	-	1,500
Issued Share Capital	<u>0</u>	<u>6,350</u>

On 29 June 2018 the Company undertook a capital reduction process in accordance with sections 642-644 Companies Act 2006 cancelling and extinguishing all but one of the 4,850,000 fully paid ordinary shares of £1 each and extinguishing the unpaid liability in respect of, and cancelling, all of the 1,500,000 unpaid ordinary share of £1 each in the capital of the Company.

Notes (continued)

14 Profit and loss account

	Profit and loss account £000
At beginning of year	1,450
Capital reduction	4,850
Dividend paid	(750)
Profit for the financial year	1,930
At end of year	7,480

15 Pension scheme

Defined contribution pension scheme

The Company operated a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £nil (2017: £82,505).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

16 Analysis of net cash

	At beginning of year £000	Cash flow £000	At end of year £000
Cash in hand, at bank	12,333	(636)	11,697
Total	12,333	(636)	11,697

Notes (continued)

17 Lease commitments

Future minimum non-cancellable operating lease rentals, for which an onerous lease provision has been recognised effective from 2016 (see note 12), are payable as follows:

	2018 Land and buildings £000	2018 Other £000	2017 Land and buildings £000	2017 Other £000
Amounts falling due:				
Within one year	-	-	190	-
In the second to fifth years inclusive	-	-	150	-
More than five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>340</u>	<u>0</u>

The company successfully negotiated early termination of the property lease in August 2018 and remaining associated onerous provisions were released.

18 Related party disclosures

The Company has not disclosed transactions with its parent and wholly owned subsidiaries within the group shareholding in accordance with the exemption under FRS 102 'Reduced Disclosure Framework'.

19 Events after the reporting period

There were no material events subsequent to the reporting period up to the date of signing the Director's report and Balance sheet requiring disclosure in the financial statements.

20 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a wholly owned subsidiary undertaking of WINGAS GmbH.

The parent undertaking of the smallest Group which includes the Company and for which consolidated financial statements are prepared, is Gazprom Germania GmbH. Copies of the consolidated financial statements are available from www.bundesanzeiger.de.

The ultimate parent company and controlling party is PAO Gazprom ("Gazprom"), a company incorporated in the Russian Federation. The largest group for which consolidated financial statements are prepared is headed by Gazprom. Copies of the consolidated financial statements of PAO Gazprom are available from the registered company address; Nametkina str., 16 V-420, GSP-7, 117997, Moscow, Russia.