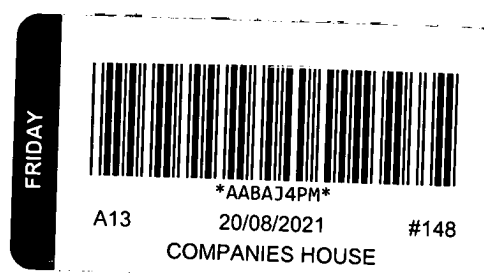


# Capula Group Limited

## Annual report and financial statements for the year ended 31 December 2020

Company registration number: 05859840



## **CAPULA GROUP LIMITED**

# **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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## **CAPULA GROUP LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **Directors**

M Booth  
P W Bayliss  
M R Royle  
D Pickles

#### **Company Secretary**

K J Miller

#### **Registered office**

Orion House  
Unit 10 Walton Industrial Estate  
Stone  
Staffordshire  
ST15 0LT

#### **Banker**

Barclays Bank Plc  
1 Churchill Place  
London  
E14 5HP

#### **Independent auditor**

KPMG LLP  
Chartered Accountants and Statutory Auditor  
St Nicholas House  
31 Park Row  
Nottingham  
NG1 6FQ

## **CAPULA GROUP LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their strategic report on the company for the year ended 31 December 2020.

#### **Review of the business**

Capula Group Limited incorporated in England and Wales is a holding company for Capula Limited, incorporated in England and Wales.

#### **Principal risks and uncertainties**

Given the nature of the company being a holding company, there are considered to be no company specific risks and uncertainties. For details of risks and uncertainties of Capula Limited (the sole trading subsidiary), please refer to the financial statements of Capula Limited, or ESSCI Limited financial statements for those of the wider group.

On behalf of the board



**M R Royle**  
**Director**

July 2021  
30-Jul-21

## **CAPULA GROUP LIMITED**

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

The directors present their report and the audited financial statements of the company for year ended 31 December 2020. All amounts disclosed in the financial statements are rounded to the nearest £'000.

#### **Future developments**

The directors aim to continue to operate as a holding company.

#### **Dividends**

The directors recommended and paid a dividend of £2.51 per ordinary share on 2 December 2020 (2019: £2.51 per share) relating to the performance for the year ended 31 December 2020.

#### **Going concern**

The company is party to a cash pooling facility covering the company and other subsidiaries of ESSCI Limited (the Imtech Group). The directors therefore consider the overall funding position of ESSCI Limited as part of their assessment of the going concern basis of preparation of the company's accounts. This is set out as follows.

The company made a profit in the year amounting to £3m. The group however, generated a loss in the year. As at 31 December 2020, the group had net current assets of £22.7m and net assets of £24.2m. The impact of Covid-19 on the Imtech Group has been significant within the Imtech Engineering Services business units, which make up approximately 50% of group revenues, and are focused in the UK construction industry.

The directors put in place a loan facility with EDF in June 2020 for £30m which allowed the company to trade normally throughout the pandemic, the facility has been extended to June 2023. The group's cash balance at the 31st December 2021 was £46.5m which included a £25m drawdown on the facility, the group expects to reduce the drawdown on this facility in the forthcoming year.

The Imtech Group set about restructuring its Engineering Services operations in 2020, with the intention of simplifying its operating structure. This restructure is now complete, and the Group is forecast to return to profitability in 2021.

Furthermore, the directors have received a letter of support from EDF Energy Limited and Dalkia SA, intermediate holding companies of the group for a period of 18 months from the date of signing the financial statements which includes the commitment not to require repayment for the foreseeable future of the intercompany liability of £25m which is currently owed to EDF Energy Limited and of £1.1m which is currently owed to EDF Energy Services Limited, the company's immediate parent company.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On the basis of their assessment, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future utilising the current facilities that are in place. The company and group therefore continue to adopt the going concern basis in preparing their financial statements.

#### **Financial risk management**

Disclosures relating to these areas are included in the strategic report.

## **CAPULA GROUP LIMITED**

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

#### **Directors**

The directors who held office during the period and up to the date of signing the financial statements are given below:

P W Bayliss  
M Booth  
M R Royle  
D Pickles

#### **Employees**

The company has no employees.

#### **Statement of directors' responsibilities in respect of the financial statements**

The Directors acknowledge their responsibilities 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

#### **Disclosure of information to auditors**

## **CAPULA GROUP LIMITED**

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

Each of the persons who are 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 auditors are unaware; and
- Each director has taken all the steps that he/she should have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are 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.

#### **Independent Auditor**

KPMG LLP have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the board

M R Royle  
Director



July 2021  
30-Jul-21

## **CAPULA GROUP LIMITED**

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPULA GROUP LIMITED**

### **Opinion**

We have audited the financial statements of Capula Group 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 related notes, including the accounting policies in note 1.

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 UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.



## **CAPULA GROUP LIMITED**

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPULA GROUP LIMITED**

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition as there is no revenue.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and discussed with the directors and other management (as required by auditing standards) the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

## **CAPULA GROUP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPULA GROUP LIMITED**

Secondly, whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations

#### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

## **CAPULA GROUP LIMITED**

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPULA GROUP LIMITED**

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Craig Parkin (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
St Nicholas House  
31 Park Row  
Nottingham  
NG1 6FQ

30 July 2021

**CAPULA GROUP LIMITED****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
CAPULA GROUP LIMITED**

	Note	Year ended 31 December 2020	Year ended 31 December 2019
		£'000	£'000
<b>Turnover</b>		-	-
Other operating income		3,000	3,000
<b>Profit before interest and taxation</b>		<b>3,000</b>	<b>3,000</b>
<b>Profit before taxation</b>		<b>3,000</b>	<b>3,000</b>
Tax on profit	4	-	-
<b>Profit for the financial period</b>		<b>3,000</b>	<b>3,000</b>

The company has no other comprehensive income or expense other than shown in the profit and loss account for the financial period.

The notes on pages 11 to 19 are an integral part of these financial statements.

# CAPULA GROUP LIMITED


## BALANCE SHEET

		As at 31 December 2020	As at 31 December 2019
	Note	£'000	£'000
<b>Fixed assets</b>			
Investments	5	33,661	33,661
		33,661	33,661
<b>Current assets</b>			
Debtors	6	13	13
Cash at bank and in hand		25	25
		38	38
<b>Creditors: amounts falling due within one year</b>	7	(19,258)	(19,258)
<b>Net current liabilities</b>		(19,220)	(19,220)
<b>Total assets less current liabilities</b>		14,441	14,441
Creditors: amounts falling due after more than one year		-	-
<b>Net assets</b>		14,441	14,441
<b>Capital and reserves</b>			
Called up share capital	8	1,197	1,197
Retained earnings/(accumulated losses)		13,244	13,244
<b>Total equity</b>		14,441	14,441

The notes on pages 13 to 21 are an integral part of these financial statements.

The financial statements on pages 10 to 21 were authorised for issue by the board of directors on 30-Jul-21 July 2021 and were signed on its behalf by

M R Royle



**Director**

Capula Group Limited

Company registration number: 05859840

# CAPULA GROUP LIMITED

## STATEMENT OF CHANGES IN EQUITY

	£'000	£'000	£'000
	Called-up share capital	Retained earnings	Total
Balance as at 1 January 2019	1,197	13,244	14,441
Profit for the year	-	3,000	3,000
Dividends	-	(3,000)	(3,000)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	-	-
Balance as at 31 December 2019	1,197	13,244	14,441
Balance as at 1 January 2020	1,197	13,244	14,441
Profit for the year	-	3,000	3,000
Dividends	-	(3,000)	(3,000)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the year	-	-	-
<b>Balance as at 31 December 2020</b>	<b>1,197</b>	<b>13,244</b>	<b>14,441</b>

The notes on pages 13 to 21 are an integral part of these financial statements.

## **CAPULA GROUP LIMITED**

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

#### **1. General Information**

Capula Group Limited ('the company') is a holding company. The company is a private company limited by shares and is incorporated in England.

The company is incorporated in England and Wales and conducts its business from its registered office, Orion House, Stone, Staffordshire, ST15 0LT.

#### **Statement of compliance**

The individual financial statements of Capula Group 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.

#### **Summary of significant 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. The company has adopted FRS 102 in these financial statements.

#### **Basis of preparation**

These financial statements have been prepared on a going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

#### **Going concern**

The company is party to a cash pooling facility covering the company and other subsidiaries of ESSCI Limited (the Imtech Group). The directors therefore consider the overall funding position of ESSCI Limited as part of their assessment of the going concern basis of preparation of the company's accounts. This is set out as follows.

The company made a profit in the year amounting to £3m. The group however, generated a loss in the year. As at 31 December 2020, the group had net current assets of £22.7m and net assets of £24.2m. The impact of Covid-19 on the Imtech Group has been significant within the Imtech Engineering Services business units, which make up approximately 50% of group revenues, and are focused in the UK construction industry.

The directors put in place a loan facility with EDF in June 2020 for £30m which allowed the company to trade normally throughout the pandemic, the facility has been extended to June 2023. The group's cash balance at the 31st December 2021 was £46.5m which included a £25m drawdown on the facility, the group expects to reduce the drawdown on this facility in the forthcoming year.

The Imtech Group set about restructuring its Engineering Services operations in 2020, with the intention of simplifying its operating structure. This restructure is now complete, and the Group is forecast to return to profitability in 2021.

## **CAPULA GROUP LIMITED**

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

Furthermore, the directors have received a letter of support from EDF Energy Limited and Dalkia SA, intermediate holding companies of the group for a period of 18 months from the date of signing the financial statements which includes the commitment not to require repayment for the foreseeable future of the intercompany liability of £25m which is currently owed to EDF Energy Limited and of £1.1m which is currently owed to EDF Energy Services Limited, the company's immediate parent company.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On the basis of their assessment, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future utilising the current facilities that are in place. The company and group therefore continue to adopt the going concern basis in preparing their financial statements.

#### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions.

##### *Cash flow statement and related party disclosures*

The company is included in the consolidated financial statements of ESSCI Limited which are publicly available. Consequently, as the company is a 100% owned subsidiary, the company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its immediate parent company, ESSCI Limited, and ultimate parent company Électricité de France S.A. includes the company's cash flows in its own consolidated financial statements. The company is also exempt from disclosing related party transactions, under Section 33 'Related Party Disclosures', with entities that are part of the ESSCI Limited and Électricité de France S.A groups of companies (see note 11).

#### **Consolidated financial statements**

The financial statements contain information about Capula Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of ESSCI Limited, a company incorporated in the United Kingdom, and also in the consolidated financial statements of its ultimate parent company, Électricité de France S.A., a company incorporated in France (see note 11).

#### **Interest income**

Interest income is recognised using the effective interest rate method.

#### **Dividend income**

Dividend income is recognised when the right to receive payment is established.

#### **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.



## **CAPULA GROUP LIMITED**

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

#### **1. General Information (continued)**

##### **Taxation (continued)**

###### **(i) 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.

###### **(ii) 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.

##### **Investments in subsidiaries**

Investments in subsidiaries are stated at cost less amounts written off in respect of permanent diminutions in value.

##### **Debtors**

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

##### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### **Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **Financial instruments**

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### *Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances and loans to fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

## **CAPULA GROUP LIMITED**

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

#### **1. General Information (continued)**

##### **Financial instruments (continued)**

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

##### *Financial assets (continued)*

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### *Financial liabilities*

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

## **CAPULA GROUP LIMITED**

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

#### **1. General Information (continued)**

##### *Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **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.

##### **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.

##### **Related party transactions**

The company discloses transactions with related parties which are not wholly owned with the same group.

#### **2 Critical accounting judgements and estimation uncertainty**

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.

##### **(a) Critical judgements in applying the entity's accounting policies**

###### **(i) Recoverability of investment in subsidiary undertaking.**

The company has assessed the carrying value of the investment and it is believed to be recoverable. This is supported by reviewing the value of the net assets of its subsidiary undertaking (£34.2M) together with the future trading value of that business.

#### **3 Employees and directors**

The company has no employees (2019: nil).

The emoluments of the directors of the company are paid by its subsidiary which makes no recharge to the company. The directors are also directors of the subsidiary company and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, no emoluments in respect of the company's directors are disclosed. Total emoluments are included in the aggregate of the directors' emoluments disclosed in the ESSCI Limited group consolidated financial statements and those of the subsidiary company.

**CAPULA GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2020****4 Tax on profit**

Tax included in profit and loss

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
<b>Current tax</b>		
Adjustment in respect of previous periods	-	-
<b>Total current tax</b>	-	-
<b>Total tax per profit and loss account</b>	-	-

Reconciliation of tax result:

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

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
<b>Result before taxation</b>	3,000	3,000
Result multiplied by the standard rate of corporation tax in the UK 19% (2019: 19%)	570	570
<b>Effects of:</b>		
Income not taxable	(570)	(570)
<b>Total tax credit for the period</b>	-	-

**Deferred tax**

The company has carried forward non-trading losses amounting to £66,000 as at 31 December 2020 (31 December 2019: £66,000) that it does not expect to utilise in the foreseeable future. As such no deferred tax asset is recognised in relation to these losses.

**CAPULA GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2020****5 Investments**

	<b>Subsidiary undertakings £'000</b>
<b>Net book value</b>	
As at 1 January 2020	33,661
<b>As at 31 December 2020</b>	<b>33,661</b>
	<b>31 December 2020 £'000</b>
Analysed as:	
Capula Limited	33,661

Fixed asset investments comprise equity shares in Capula Limited which are not publicly traded. The directors believe that the carrying value of the investments is supported by their underlying net assets together with the future trading value of the business.

The company's subsidiaries were as follows:

<b>Subsidiary</b>	<b>Percentage holding of issued ordinary share capital</b>	<b>Country of registration</b>	<b>Principal activity</b>	<b>Registered address</b>
Capula Limited	100%	England and Wales	Systems Integration and Business Intelligence	Orion House, Unit 10 Walton Industrial Estate, Stone, Staffordshire, ST15 0LT

**CAPULA GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2020****6 Debtors**

	<b>31 December 2020 £'000</b>	<b>31 December 2019 £'000</b>
Other debtors	12	12
Prepayments and accrued income	1	1
	<b>13</b>	<b>13</b>

**7 Creditors: amounts falling due within one year**

	<b>31 December 2020 £'000</b>	<b>31 December 2019 £'000</b>
Amounts owed to group undertakings	<b>19,258</b>	<b>19,258</b>
	<b>19,258</b>	<b>19,258</b>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

**8 Called up share capital**

	<b>31 December 2020 £'000</b>	<b>31 December 2019 £'000</b>
<b>Allotted and fully paid</b>		
840,000 (2019: 840,000) ordinary A shares of £1	<b>840</b>	<b>840</b>
357,480 (2019: 357,480) ordinary shares of £1	<b>357</b>	<b>357</b>
	<b>1,197</b>	<b>1,197</b>

The shares rank pari passu in all respects except winding up when the ordinary A shareholders shall be entitled to a return on nominal capital in preference to the ordinary shareholders. All shares are considered to be equity shares.

## **CAPULA GROUP LIMITED**

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

#### **9 Contingent assets and liabilities**

The company is a participant in a group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members. No liability is expected to arise under this arrangement.

At 31 December 2020, deferment bank guarantees existed in favour of HM Revenue and Customs totalling £20,000 (2019: £20,000).

#### **10 Related party transactions**

See note 3 for disclosure of the directors' remuneration and key management compensation.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the ESSCI Limited group.

#### **11 Controlling parties**

In the opinion of the directors, the company's ultimate parent company and ultimate controlling party is Électricité de France S.A., a company incorporated in France.

The parent undertaking of the largest group, which includes the company and for which group financial statements are prepared, is Électricité de France S.A., a company incorporated in France. The parent undertaking of the smallest such group is ESSCI Limited, a company incorporated in England and Wales. Copies of the group financial statements of Électricité de France S.A. are available from the Registre du Commerce, Infogreffe, 5-7 avenue de Paris, 94300, Vincennes, France. Copies of the group financial statements of ESSCI Limited are available from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

The company's immediate controlling party is ESSCI Technical Services Limited whose registered office is Imtech House, Woodthorpe Road, Ashford, Middlesex, TW15 2RP.