

Registration number: 06429580

# Energy For Tomorrow

Annual Report and Financial Statements

for the Year Ended 31 December 2019



## **Energy For Tomorrow**

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## **Energy For Tomorrow**

### **Strategic Report for the Year Ended 31 December 2019**

The Directors present their Strategic Report for Energy For Tomorrow (the 'Company') for the year ended 31 December 2019.

#### **Principal activity**

The Company is a not-for-profit entity which receives Feed in Tariff (FiT) income from solar PV installations. As a not-for-profit entity, the Company uses any surpluses to fund future investments through its fund.

The Company is limited by guarantee and does not have a share capital. The liability of the members in the event of the Company being liquidated is limited to a maximum of £100 per member.

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

Since outsourcing the day to day operations of the portfolio in 2017 there has been a 17% increase in the annual portfolio revenue, with portfolio availability above 98.5% and maintenance resolution times falling to an average 21 days in 2019. Generation Community Ventures, the asset manager for the day to day operations, has been rewarded with a contract extension to 2025.

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

From the perspective of the Company, the principal risks and uncertainties are integrated with those of the Centrica plc group (the 'Group') and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company, are disclosed on pages 34-43 of the Group's Annual Report and Accounts 2019, which does not form part of this report.

#### **Exit from the European Union**

The UK's exit from the European Union has added to the risks and uncertainties faced by the Company. However, it is considered that the direct impact of these uncertainties on the Company is limited in the short-term. It is unclear whether a trade deal will be agreed with the European Union during 2020 or the transition period will end without terms being agreed. Extricating from the European Union treaties is a task of immense complexity but the Company is well-positioned to manage the possible market impacts. There are also potential tax consequences of the withdrawal and these will continue to be reassessed at each reporting date to ensure the tax provisions reflect the most likely outcome following the withdrawal.

#### **Impact of severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) outbreak and coronavirus disease (COVID-19) pandemic**

On 11 March 2020 the World Health Organisation declared the SARS-CoV-2 outbreak and resultant COVID-19 to be a global pandemic. Following United Kingdom government measures in response to the pandemic the Centrica plc group ("Group") became subject to a significant change in business environment, as well as implementing a number of significant operational changes in order to be able to continue to serve and support our customers. However, there are no significant changes in the business environment or operational changes specific to the Company in carrying out its principal activities as there is minimal operational support required, and income comes from energy generated by solar panels.

The events described above arose after the Company's balance sheet date, and therefore there is no impact on the results or financial position of the Company as at 31 December 2019. The Company is supported by the Group, which has stated that it intends to support the Company for a period of at least 12 months from the date the financial statements were authorised for issue and that amounts owed to Group undertakings will not be required to be repaid to Centrica plc for the foreseeable future unless sufficient financial resources and facilities are available to the Company. The Directors are aware that there are a range of future potential financial impacts upon the Group as a result of the pandemic but, following assurances from the ultimate parent company underpinned by its detailed assessment, have satisfied themselves that the Group will be able to support the Company if required under all reasonably foreseeable circumstances. For more information refer to the Going Concern section of the Directors' Report on page 4.

## **Energy For Tomorrow**

### **Strategic Report for the Year Ended 31 December 2019 (continued)**

#### **Key performance indicators ('KPIs')**

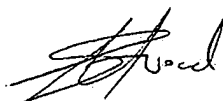
The Directors of the Group use a number of KPIs to monitor progress against the Group's strategy. The development, performance and position of the Group, which includes the Company, are disclosed on pages 18-19 of the Group's Annual Report and Accounts 2019, which does not form part of this report. The results of the Company are disclosed in the Directors' Report on page 3.

#### **Future developments**

The Company will use its remaining fund and any surplus FiT income, after paying operating costs, to continue to fulfil its aims.

The Company continues to seek opportunities to invest in and contribute to projects that meet its objectives and obligations and to explore options to better manage and apply its resources.

Approved by the Board on 23/06/2020 and signed on its behalf by:



Samantha Hood

By order of the Board for and on behalf of Centrica Secretaries Limited  
**Company Secretary**

Company registered in England and Wales, No. 06429580

Registered office:  
Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD  
United Kingdom

## **Energy For Tomorrow**

### **Directors' Report for the Year Ended 31 December 2019**

The Directors present their report and the audited financial statements for the year ended 31 December 2019.

#### **Directors of the Company**

The Directors of the Company, who were in office during the year and up to the date of signing the financial statements were as follows:

S T S Salisbury (resigned 31 December 2019)

A A Robins

R J Triffitt (appointed 5 March 2019)

N J Park (appointed 5 March 2019 and resigned 31 May 2020)

J S Tudor (appointed 31 December 2019)

#### **Results and dividends**

The results of the Company are set out on page 9. The profit for the financial year ended 31 December 2019 is £nil (2018: profit £nil).

The Company did not pay an interim dividend during the year (2018: £nil) and the Directors do not recommend the payment of a final dividend (2018: £nil).

The Company's revenue is highly seasonal as it is derived from Feed in Tariff payments based on electricity generated by solar panels. These payments are receivable for 20 - 25 years from the date of installation and are index linked. Consequently the Company has a very reliable income stream with which to pursue its objectives. In 2019 the fund available to the Company was utilised by way of a £2,500,000 investment in the development of a Local Energy Market in Cornwall. The fund now stands at £1,585,000, plus retained profits of £294,000 which will also be available for investment, subject to cash flow constraints.

The Company appointed a Programme Manager in 2019 to focus on enhancing the profile of the Company and creating new investment opportunities for the fund.

#### **Objectives and policies**

The Directors have established objectives and policies for managing financial risks to enable the Company to achieve its long-term shareholder value growth targets within a prudent risk management framework. These objectives and policies are regularly reviewed.

#### **Exposure in terms of price risk, credit risk, liquidity risk and cash flow risk**

Exposure to counterparty credit risk, liquidity risk and cash flow risk arises in the normal course of the Company's business. Cash forecasts identifying the liquidity requirements of the Company are produced frequently and reviewed regularly. Liquidity risk is managed through funding arrangements with Group undertakings.

#### **Future developments**

Future developments are discussed in the Strategic Report on page 2.

## **Energy For Tomorrow**

### **Directors' Report for the Year Ended 31 December 2019 (continued)**

#### **Going concern**

The financial statements have been prepared on a going concern basis as Centrica plc, the ultimate parent company, currently intends to support the Company to ensure it can meet its obligations as they fall due, provided the Company remains a member of the Group. The Directors have received confirmation that Centrica plc intends to support the Company for at least one year after the financial statements were authorised for issue and that amounts owed to Group undertakings will not be required to be repaid to Centrica plc for the foreseeable future unless sufficient financial resources and facilities are available to the Company. The Directors are aware that while there are a range of future potential financial impacts upon the Group as a result of the COVID-19 pandemic, they have satisfied themselves that, following assurances from the ultimate parent company underpinned by its detailed assessment, the Group will be able to support the Company if required under all reasonably foreseeable circumstances. The key financial impacts to the Group are expected to be increasing levels of bad debt, reduced energy consumption from business customers, and the lockdown restricting the ability to carry out non-essential work in customer's homes and premises. The Group has substantial liquidity available to mitigate these adverse impacts and has also taken quick action to preserve cash as announced in the trading statement on 2nd April 2020. The trading statement announced that the final 2019 dividend was cancelled, plans have been made to reduce cash expenditure by around £400m and management bonus payments have been paused. The Group going concern assessment included various sensitivities including the impacts of lower commodity pricing and a credit rating downgrade as well as mitigating actions such as reduction in capital expenditure and dividend reductions. The Centrica plc Board remains committed to maintaining a strong balance sheet. Moody's confirmed a Baa2 (stable) credit rating on 13 March and S&P confirmed a BBB (stable) credit rating on 31 March.

#### **Non adjusting events after the financial period**

Subsequent to the balance sheet date, on 11 March 2020 the World Health Organisation declared the SARS-CoV-2 outbreak and resultant COVID-19 to be a global pandemic. The UK government moved to a 'delay' phase on 12 March, announced social distancing measures on 16 March, and unprecedented 'stay at home' restrictions on 23 March. The Company has therefore concluded that the necessity for large scale Government interventions in response to COVID-19 only became apparent after the balance sheet date and therefore the consequences of such interventions represent non-adjusting post balance sheet events. The Company has no critical judgements or key sources of estimation uncertainty at the balance sheet date which could have been subsequently affected by these events. There have been no further non-adjusting significant events affecting the Company after the year end.

#### **Directors' and officers' liability**

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc, and was in place throughout the year. The insurance does not provide cover in the event that the Director is proved to have acted fraudulently.

#### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK 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' ('FRS 101'). 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:

## Energy For Tomorrow

### Directors' Report for the Year Ended 31 December 2019 (continued)

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

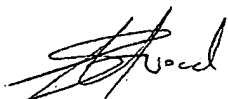
#### Disclosure of information to auditors

Each of the Directors who held office at the date of approval of this Directors' Report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and that they have taken all steps that they ought to have taken as Directors to make themselves 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.

#### Auditors

In accordance with Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved by the Board on 23/06/2020 and signed on its behalf by:



Samantha Hood

By order of the Board for and on behalf of Centrica Secretaries Limited  
**Company Secretary**

Company registered in England and Wales, No. 06429580

Registered office:

Millstream

Maidenhead Road

Windsor

Berkshire

SL4 5GD

United Kingdom

## **Energy For Tomorrow**

### **Independent Auditors' Report to the Members of Energy For Tomorrow**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Energy For Tomorrow (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



## **Energy For Tomorrow**

### **Independent Auditors' Report to the Members of Energy For Tomorrow (continued)**

#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of Directors**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Report on other legal and regulatory requirements**

##### **Opinion on other matter 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 the Directors' Report have been prepared in accordance with applicable legal requirements.

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

## **Energy For Tomorrow**

### **Independent Auditors' Report to the Members of Energy For Tomorrow (continued)**

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

#### **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.

**D.Winstone**

Daryl Winstone (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

Date: **23 June 2020**

## Energy For Tomorrow

### Income Statement for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Revenue	4	891	804
Cost of sales		<u>(154)</u>	<u>(109)</u>
Gross profit		737	695
Operating costs		<u>(737)</u>	<u>(695)</u>
Operating profit/(loss)		<u>-</u>	<u>-</u>
Profit/(loss) before taxation		-	-
Income tax credit/(expense)	8	<u>-</u>	<u>-</u>
Profit/(loss) for the year from continuing operations		<u><u>-</u></u>	<u><u>-</u></u>

The above results were derived from continuing operations.

There were no recognised gains and losses in either period other than those shown above and accordingly no separate Statement of Comprehensive Income has been included in the Financial Statements.

## Energy For Tomorrow

### Statement of Financial Position as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
<b>Non-current assets</b>			
Property, plant and equipment	9	122	129
Trade and other receivables	10	589	609
		<u>711</u>	<u>738</u>
<b>Current assets</b>			
Trade and other receivables	10	88	137
Cash and cash equivalents		5,378	4,451
		<u>5,466</u>	<u>4,588</u>
<b>Total assets</b>		<u>6,177</u>	<u>5,326</u>
<b>Current liabilities</b>			
Trade and other payables	11	(4,298)	(1,594)
<b>Net current assets</b>		<u>1,168</u>	<u>2,994</u>
<b>Total assets less current liabilities</b>		<u>1,879</u>	<u>3,732</u>
<b>Non-current liabilities</b>			
Provisions for other liabilities and charges	12	(1,585)	(3,438)
		<u>(1,585)</u>	<u>(3,438)</u>
<b>Total liabilities</b>		<u>(5,883)</u>	<u>(5,032)</u>
<b>Net assets</b>		<u>294</u>	<u>294</u>
<b>Equity</b>			
Share capital		-	-
Retained earnings		294	294
<b>Total equity</b>		<u>294</u>	<u>294</u>

The financial statement on pages 9 to 19 were approved and authorised for issue by the Board of Directors on 23/06/2020 and signed on its behalf by:



J S Tudor  
Director

Company number 06429580

## Energy For Tomorrow

### Statement of Changes in Equity for the Year Ended 31 December 2019

	<b>Retained earnings £ 000</b>	<b>Total equity £ 000</b>
At 1 January 2019	294	294
Other comprehensive income	-	-
Total comprehensive income	-	-
At 31 December 2019	<u>294</u>	<u>294</u>

	<b>Retained earnings £ 000</b>	<b>Total equity £ 000</b>
At 1 January 2018	294	294
Other comprehensive income	-	-
Total comprehensive income	-	-
At 31 December 2018	<u>294</u>	<u>294</u>

## **Energy For Tomorrow**

### **Notes to the Financial Statements for the Year Ended 31 December 2019**

#### **1 General information**

Energy For Tomorrow (the 'Company') is a private company limited by guarantee, incorporated and domiciled in the United Kingdom and registered in England and Wales.

The address of its registered office and principal place of business is:

Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 2.

#### **2 Accounting policies**

##### **Basis of preparation**

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

##### **Changes in accounting policy**

From 1 January 2019, the following standards and amendments are effective in the Company's Financial Statements:

- IFRS 16: 'Leases'

The first-time adoption did not have any impact on the financial statements as the Company has no leases which fall under the scope of IFRS 16.

##### **Summary of disclosure exemptions**

In these financial statements, as a qualifying entity the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirements of IAS 7 'Statement of Cash Flows';
- the statement of compliance with Adopted IFRSs;
- the effects of new but not yet effective IFRSs;
- prior year reconciliations for property, plant and equipment and intangible assets;
- the prior year reconciliations in the number of shares outstanding at the beginning and at the end of the year for share capital;
- disclosures in respect of related party transactions with wholly-owned subsidiaries in a group;
- disclosures in respect of the compensation of key management personnel; and
- disclosures in respect of capital management.

## **Energy For Tomorrow**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **2 Accounting policies (continued)**

As the consolidated financial statements of the Centrica plc group (the 'Group'), which are available from its registered office, include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IAS 36 'Impairment of Assets' in respect of the impairment of goodwill and indefinite life intangible assets;
- certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instruments: Disclosures' have not been provided apart from those which are relevant for the financial instruments which are held at fair value;
- certain disclosures required by IFRS 3 'Business Combinations' in respect of business combinations undertaken by the Company; and
- disclosures of the net cash flows attributable to the operating, investing and financing activities of discontinued operations.

#### **Measurement convention**

The financial statements have been prepared on the historical cost basis.

#### **Cost of Sales**

Cost of sales represents the cost of maintaining the Solar PV installations operated by the Company and contributions to other projects in furtherance of its objectives during the year.

#### **Going concern**

The financial statements have been prepared on a going concern basis as Centrica plc, the ultimate parent company, currently intends to support the Company to ensure it can meet its obligations as they fall due, provided the Company remains a member of the Group. The Directors have received confirmation that Centrica plc intends to support the Company for at least one year after the financial statements were authorised for issue and that amounts owed to Group undertakings will not be required to be repaid to Centrica plc for the foreseeable future unless sufficient financial resources and facilities are available to the Company. The Directors are aware that while there are a range of future potential financial impacts upon the Group as a result of the COVID-19 pandemic, they have satisfied themselves that, following assurances from the ultimate parent company underpinned by its detailed assessment, the Group will be able to support the Company if required under all reasonably foreseeable circumstances. The key financial impacts to the Group are expected to be increasing levels of bad debt, reduced energy consumption from business customers, and the lockdown restricting the ability to carry out non-essential work in customer's homes and premises. The Group has substantial liquidity available to mitigate these adverse impacts and has also taken quick action to preserve cash as announced in the trading statement on 2nd April 2020. The trading statement announced that the final 2019 dividend was cancelled, plans have been made to reduce cash expenditure by around £400m and management bonus payments have been paused. The Group going concern assessment included various sensitivities including the impacts of lower commodity pricing and a credit rating downgrade as well as mitigating actions such as reduction in capital expenditure and dividend reductions. The Centrica plc Board remains committed to maintaining a strong balance sheet. Moody's confirmed a Baa2 (stable) credit rating on 13 March and S&P confirmed a BBB (stable) credit rating on 31 March.

#### **Summary of significant accounting policies and key accounting estimates**

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.

## Energy For Tomorrow

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Accounting policies (continued)

##### Revenue recognition

Under IFRS 15: 'Revenue from contracts with customers', all revenue for this Company has been assessed to be 'energy supply to business customers'.

Revenue comprises the fair value of the consideration received or receivable for the Feed in Tariff 'Generation Tariff' on power generated by the company's installations and for the 'Export Tariff' on the supply of power to the grid by the Solar PV installations which have been funded by the Company in the ordinary course of its activities, and is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured or estimated reliably. The contracts have one performance obligation which is to sell the energy generated. Revenue is recognised over time as energy is generated.

Revenue described as 'Energy supply to business customers' is the estimated value of electricity supplied free of charge to schools in lieu of rent for the roofspace on which the PV installations are sited. This arrangement applies only to systems installed during the year as older installations are the property of the schools and no rent is payable.

Revenue is recognised on the basis of energy generated and/or supplied during the year. All revenue arises in the United Kingdom.

##### Finance income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value.

##### Property, plant and equipment ('PP&E')

PP&E is included in the Statement of Financial Position at cost, less accumulated depreciation and any provisions for impairment. The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

##### Depreciation of PPE

The depreciation periods for the principal categories of assets are as follows:

Asset class	Depreciation method and rate
Plant, equipment and vehicles	Straight line, up to 20 years

##### 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 the Company will be required to settle that obligation. Provisions are measured at the 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 Income Statement within interest expense.

##### Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Company no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are de-recognised when the obligation under the liability is discharged, cancelled or expires.



## Energy For Tomorrow

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Accounting policies (continued)

##### *- Trade and other receivables*

Trade receivables are initially recognised at fair value, which is usually the original invoice amount, and are subsequently held at amortised cost using the effective interest method less an allowance for expected credit losses.

Changes in the Company's impairment policy as a result of the application of IFRS 9 did not result in any material changes. Balances are written off when recoverability is assessed as being remote. If collection is due in one year or less, receivables are classified as current assets. If not they are presented as non-current assets.

##### *- Trade and other payables*

Trade payables are initially recognised at fair value, which is usually the original invoice amount and are subsequently held at amortised cost using the effective interest method (although, in practice, the discount is often immaterial). If payment is due within one year or less, payables are classified as current liabilities. If not, they are presented as non-current liabilities.

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

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

#### 3 Critical accounting judgements and key sources of estimation uncertainty

##### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. In the Directors' opinion there are no critical judgements, apart from those involving estimations (which are dealt with separately below).

##### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

## Energy For Tomorrow

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 3 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### Accrued income

Where up to date meter reads are not available for any solar installations, an estimate is made of generation between the last meter read date and the reporting date. The key information used for this estimate is obtained from external data sources related to installation type, solar generation volumes and FiT rates.

##### Impairment of accrued income

A review of the income accrued at the end of 2019 has revealed that £216,000 (2018: 211,000) of this may never be received and therefore a provision has been created against this income. The provision is calculated as 100% of the 2019 accrued income not received as cash by March 2020. The provision basis is the same as the prior year. The total remaining accrued income of £304,000 (2018: £340,000) is shown in note 10.

##### Impairment of PV installations

During 2016 the Company installed photo-voltaic systems at six schools. Changes in design, leading to lower FiT income and higher costs than originally anticipated, together with late completion (again reducing FiT rates) suggested that an assessment of the value in use should be performed. The value in use was determined by calculation of the net present value of the forecast FiT receipts less anticipated maintenance costs, which amounted to £145,000. FiT rates are index linked and account has been taken of likely component replacement requirements as well as planned maintenance costs; management believe that no reasonably possible change in the key assumptions would cause the carrying value of any installation to materially exceed its value in use.

#### 4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2019	2018
	£ 000	£ 000
Feed in Tariff income	891	804

All revenue arose from activities in the United Kingdom.

#### 5 Employees' costs

The Company has no direct employees (2018: zero).

#### 6 Directors' remuneration

The Directors were remunerated as employees of Centrica plc Group and did not receive any remuneration, from any source, for their services as Directors of the Company during the current or preceding financial year. Accordingly, no details in respect of their emoluments have therefore been included in these financial statements.

#### 7 Auditors' remuneration

The Company paid the following amounts to its auditors in respect of the audit of the Financial Statements provided to the Company.

## Energy For Tomorrow

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 7 Auditors' remuneration (continued)

	2019 £ 000	2018 £ 000
Audit fees	<u>7</u>	<u>7</u>

Auditors' remuneration relates to fees for the audit of the financial statements of the Company.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Group Financial accounts of its ultimate parent, Centrica plc.

#### 8 Income tax

The Company has a tax charge of £nil (2018 £nil) as the Company, with certain provisos, is only subject to tax on its incidental investment income.

#### 9 Property, plant and equipment

	Plant, equipment and vehicles £ 000	Total £ 000
<b>Cost</b>		
At 1 January 2019	<u>236</u>	<u>236</u>
At 31 December 2019	<u>236</u>	<u>236</u>
<b>Accumulated depreciation and impairment</b>		
At 1 January 2019	(107)	(107)
Charge for the year	<u>(7)</u>	<u>(7)</u>
At 31 December 2019	<u>114</u>	<u>114</u>
<b>Net book value</b>		
At 31 December 2019	<u>122</u>	<u>122</u>
At 31 December 2018	<u>129</u>	<u>129</u>

## Energy For Tomorrow

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 10 Trade and other receivables

	31 December 2019		31 December 2018	
	Current £ 000	Non-current £ 000	Current £ 000	Non-current £ 000
Accrued income	304	-	340	-
Provision for impairment of accrued income	(216)	-	(211)	-
Prepayments	-	589	-	609
Other receivables	-	-	8	-
	<u>88</u>	<u>589</u>	<u>137</u>	<u>609</u>

#### 11 Trade and other payables

	31 December 2019	31 December 2018
	Current £ 000	Current £ 000
Trade payables	-	49
Accrued expenses	-	20
Amounts owed to Group undertakings	4,145	1,525
Other payables	153	-
	<u>4,298</u>	<u>1,594</u>

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

The amounts owed by Group undertakings have been presented on a net basis as there is a right of offset against certain amounts. All amounts owed by Group undertakings are interest-free, unsecured and repayable on demand.

#### 12 Provisions for other liabilities and charges

	Other provisions £ 000	Total £ 000
At 1 January 2019	3,438	3,438
Charged to the Income Statement	647	647
Provisions used	(2,500)	(2,500)
At 31 December 2019	<u>1,585</u>	<u>1,585</u>
Non-current liabilities	<u>1,585</u>	<u>1,585</u>

## **Energy For Tomorrow**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **12 Provisions for other liabilities and charges (continued)**

The provision relates to a constructive obligation requiring that any excess revenue over costs will be spent to achieve the stated objectives of the Company. Any such excess each year is transferred to this provision by way of a charge to the income statement. The provision is utilised as costs are incurred, funding investments and programmes. During the year the fund was utilised to fund a £2,500,000 project to develop a Local Energy Market in Cornwall.

#### **13 Parent and ultimate parent undertaking**

The immediate parent undertaking is GB Gas Holdings Limited, a company registered in England and Wales.

The ultimate parent undertaking is Centrica plc, a company registered in England and Wales, which is the only company to include these financial statements in its consolidated financial statements. Copies of the Centrica plc consolidated financial statements may be obtained from [www.centrica.com](http://www.centrica.com).

The registered address of Centrica plc is Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD.

#### **14 Non adjusting events after the financial period**

Subsequent to the balance sheet date, on 11 March 2020 the World Health Organisation declared the SARS-CoV-2 outbreak and resultant COVID-19 to be a global pandemic. The UK government moved to a 'delay' phase on 12 March, announced social distancing measures on 16 March, and unprecedented 'stay at home' restrictions on 23 March. The Company has therefore concluded that the necessity for large scale Government interventions in response to COVID-19 only became apparent after the balance sheet date and therefore the consequences of such interventions represent non-adjusting post balance sheet events. The Company has no critical judgements or key sources of estimation uncertainty at the balance sheet date which could have been subsequently affected by these events. There have been no further non-adjusting significant events affecting the Company after the year end.