

Registration number: 06429580

# Energy for Tomorrow

Annual Report and Financial Statements

for the Year Ended 31 December 2017

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## **Energy for Tomorrow**

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## **Energy for Tomorrow**

### **Strategic Report for the Year Ended 31 December 2017**

The Directors present the Strategic Report for Energy for Tomorrow ('the Company') for the year ended 31 December 2017.

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

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.

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 effectiveness of new investments by the Company in PV installations has been severely impacted by the 30 September 2015 cut in FiT rates. As a result, the Company's focus has been on improving the operational performance of the assets already deployed. In October 2017, the Directors elected to outsource the day-to-day operations of the Company's PV installations.

The Company also found alternative investment programmes for its existing FiT income. These programmes included the provision of funds to a Local Energy Market trial (LEM) which is currently taking place in Cornwall, and due to run for several years. The LEM is a collaborative project involving the Company and other Group entities and is receiving significant funding from the Department for Communities and Local Government under the European Regional Development Framework. These programmes continued to meet the Company's investment criteria and to fulfil its constructive obligations to the schools.

#### **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 risk and uncertainties of the Group, which include those of the Company, are disclosed on pages 52-62 of the Group's Annual Report and Accounts 2017, which does not form part of this report.

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

The UK referendum vote in June 2016 to leave 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. Many details of the implementation process continue to remain unclear. 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.

#### **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 30-31 of the Group's Annual Report and Accounts 2017, which does not form part of this report.

#### **Future developments**

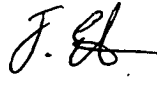
The Company will use its remaining fund and any surplus FiT income, after paying operating costs, to continue to fulfil its aims. A substantial amount of funding will be provided to the Local Energy Market trial (LEM) in 2018.

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.

## **Energy for Tomorrow**

### **Strategic Report for the Year Ended 31 December 2017 (continued)**

Approved by the Board on ~~11 SEPTEMBER 2018~~ and signed on its behalf by:

 J. ELLIOT

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

## **Energy for Tomorrow**

### **Directors' Report for the Year Ended 31 December 2017**

The Directors present their report and the audited financial statements for the year ended 31 December 2017.

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

The Directors who held office during the year and up to the date of signing of this report were as follows:

B Halliday (resigned 2 May 2017)

C H Morrison (resigned 10 January 2018)

S Salisbury

A Robins (appointed 1 September 2018)

#### **Results and dividends**

The results of the Company are set out on page 10. The profit for the financial year ended 31 December 2017 is £nil (2016: profit £nil). No dividends were paid during the year (2016: £nil) and the Directors do not recommend payment of a final dividend in respect of the financial year ended 31 December 2017 (2016: £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. The fund available to the Company has increased during the past 4-5 years as it has made no significant investments during that period and now stands at £2,803,000, plus retained profits of £294,000 which will also be available for investment, subject to cash flow constraints.

Historically, the Company has been unable to collect the FiT payments because of a data collection and processing issue, leading to significant annual increases in trade debtors. This was addressed towards the end of 2015. During 2016 debtors reduced by £564,000 and by a further £579,000 during 2017. A provision for impairment of accrued income was created at 31st December 2017 to provide against any accrued income for which the cash has yet to be received in 2018.

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

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 to counterparty credit risk and liquidity 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. The Company did not take part in hedging of any kind.

#### **Future developments**

Future developments are discussed in the Strategic Report on pages 1 to 2.

## **Energy for Tomorrow**

### **Directors' Report for the Year Ended 31 December 2017 (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.

#### **Events after the reporting period**

There were no events after the reporting period that materially affect the financial statements.

#### **Directors' and officers' liabilities**

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.

## **Energy for Tomorrow**

### **Directors' Report for the Year Ended 31 December 2017 (continued)**

#### **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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, 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 the 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.

## Energy for Tomorrow

### Directors' Report for the Year Ended 31 December 2017 (continued)

#### Auditors

Following a rigorous selection process by the Audit Committee of Centrica plc, Deloitte LLP was selected as the Group's external auditor for the financial year commencing 1 January 2017. Consequently, PricewaterhouseCoopers LLP ('PwC') ceased to hold office as auditor of the Company in 2017. Pursuant to Section 519 of the Companies Act 2006, PwC has confirmed that there are no circumstances in connection with their ceasing to hold office that need to be brought to the attention of the members or creditors of the Company.

Following the resignation of PwC as auditors of the Company and, pursuant to Section 487 of the Companies Act 2006, Deloitte LLP were appointed as auditors of the Company.

Approved by the Board on ~~11 SEPTEMBER 2018~~ and signed on its behalf by:

  
J. ELLIOT

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

## **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:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS101; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Energy For Tomorrow, which comprise:

- the Income Statement;
- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 (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 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 related 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 directors' responsibilities statement, 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.

#### **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 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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

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

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

##### **Opinions on other matters prescribed by the Companies Act 2006**

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

## Energy for Tomorrow

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

- 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.

#### 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.

D. Winstone

Daryl Winstone (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
2 New Street Square  
London  
EC4A 3BZ  
United Kingdom

Date: 11/9/18

## Energy for Tomorrow

### Income Statement for the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Revenue	3	677	642
Cost of sales		<u>(240)</u>	<u>(80)</u>
Gross profit		437	562
Operating costs		(239)	(562)
Exceptional items - provision for impairment of accrued income	5	<u>(198)</u>	<u>-</u>
Operating result before taxation		-	-
Tax on result	7	<u>-</u>	<u>-</u>
Result for the financial year		<u><u>-</u></u>	<u><u>-</u></u>

The above results were derived from continuing operations.

## Energy for Tomorrow

### Statement of Comprehensive Income for the Year Ended 31 December 2017

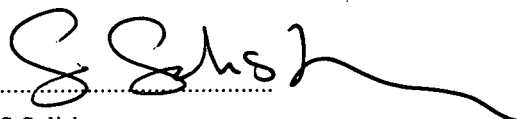
	Note	2017 £ 000	2016 £ 000
Result for the financial year		-	-
<b>Other comprehensive income</b>		-	-
Total comprehensive income for the financial year		-	-

## Energy for Tomorrow

### Statement of Financial Position as at 31 December 2017

	Note	2017 £ 000	2016 £ 000
<b>Non-current assets</b>			
Property, plant and equipment	8	136	143
Prepayments	9	640	640
		<u>776</u>	<u>783</u>
<b>Current assets</b>			
Trade and other receivables	9	318	995
Cash and cash equivalents		3,470	2,258
		<u>3,788</u>	<u>3,253</u>
<b>Total assets</b>		<u>4,564</u>	<u>4,036</u>
<b>Current liabilities</b>			
Trade and other payables	10	(1,467)	(1,414)
		<u>(1,467)</u>	<u>(1,414)</u>
<b>Total assets less current liabilities</b>		<u>(3,097)</u>	<u>(2,622)</u>
<b>Non-current liabilities</b>			
Provisions for other liabilities and charges	11	(2,803)	(2,328)
<b>Total liabilities</b>		<u>(4,270)</u>	<u>(3,742)</u>
<b>Net assets</b>		<u>294</u>	<u>294</u>
<b>Equity</b>			
Retained earnings		294	294
<b>Total equity</b>		<u>294</u>	<u>294</u>

The financial statements on pages 10 to 19 were approved and authorised for issue by the Board of Directors on ~~11 Sept 2018~~ and signed on its behalf by:



S Salisbury

Director

Company number 06429580

## Energy for Tomorrow

### Statement of Changes in Equity for the Year Ended 31 December 2017

	<b>Retained earnings £ 000</b>	<b>Total equity £ 000</b>
At 1 January 2017	294	294
Result for the financial year	-	-
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income	-	-
	<hr/>	<hr/>
At 31 December 2017	<u>294</u>	<u>294</u>

	<b>Retained earnings £ 000</b>	<b>Total equity £ 000</b>
At 1 January 2016	294	294
Result for the financial year	-	-
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income	-	-
	<hr/>	<hr/>
At 31 December 2016	<u>294</u>	<u>294</u>

The notes on pages 14 to 20 form an integral part of these financial statements.

## **Energy for Tomorrow**

### **Notes to the Financial Statements for the Year Ended 31 December 2017**

#### **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 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.

From 1 January 2017, the following amendments are effective in the Company's financial statements. Their first time adoption did not have a material impact on the financial statements:

- Amendments to IAS 12: 'Income taxes' related to the recognition of deferred tax assets for unrealised losses.

In these financial statements, 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.

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.

## **Energy for Tomorrow**

### **Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)**

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

##### **Measurement convention**

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

##### **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.

##### **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.

##### **Revenue recognition**

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.

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.

##### **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.

##### **Exceptional items**

Exceptional items are those items that, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence. To ensure the business performance reflects the underlying results of the Company, these exceptional items are disclosed separately in the income statement. Items which may be considered exceptional in nature include disposals of businesses, business restructurings, significant onerous contract charges and asset write-downs/impairments.

##### **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.

## Energy for Tomorrow

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 2 Accounting policies (continued)

##### Depreciation of PP&E

Depreciation is charged so as follows:

##### Asset classes

Plant, equipment and vehicles

##### Depreciation method and rate

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.

##### Trade and other receivables

Trade receivables are amounts due from FiT licensees in respect of Feed in Tariffs either claimed or due to be claimed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised at the transaction price, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

##### Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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.

## Energy for Tomorrow

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 2 Accounting policies (continued)

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in bank.

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

In the application of the Company's accounting policies, 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 associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

##### 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.

##### 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 2017 has revealed that £198,000 of this may never be received and therefore a provision has been created against this income.

##### 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.

#### 3 Revenue

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

	2017 £ 000	2016 £ 000
Feed in Tariff income	677	635
Energy supply to business customers	-	7
	<u>677</u>	<u>642</u>

## Energy for Tomorrow

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 4 Employees' costs

The emoluments of the Directors are not paid to them in their capacity as Directors of the Company, but are payable for services wholly attributable to other Centrica plc group undertakings. Accordingly, no details in respect of any of the Directors' emoluments have been included in these financial statements.

The Company had no employees during the year ended 31 December 2017 (2016: nil)

#### 5 Exceptional items

The following exceptional items were recognised in arriving at operating profit of the reporting period:

	2017 £ 000	2016 £ 000
Provision for impairment of trade receivables	(198)	-

#### 6 Auditors' remuneration

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

	2017 £ 000	2016 £ 000
Audit of the financial statements	7	7

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 statements of its ultimate parent, Centrica plc. The auditors' remuneration is borne by the ultimate parent company, Centrica plc.

#### 7 Income tax

The Company has a tax charge of £nil (2016 £nil) as the Company, with certain provisos, is only subject to tax on its incidental investment income.

#### 8 Property, plant and equipment

	Plant, equipment and vehicles £ 000	Total £ 000
Cost or valuation		
At 1 January 2017	236	236
At 31 December 2017	236	236

## Energy for Tomorrow

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 8 Property, plant and equipment (continued)

	Plant, equipment and vehicles £ 000	Total £ 000
<b>Depreciation and impairment losses</b>		
At 1 January 2017	(93)	(93)
Depreciation charge for the year	(7)	(7)
At 31 December 2017	(100)	(100)
<b>Carrying amount</b>		
At 31 December 2017	136	136
At 31 December 2016	143	143

#### 9 Trade and other receivables

	2017		2016	
	Current £ 000	Non-current £ 000	Current £ 000	Non-current £ 000
Prepayments	-	640	-	640
Accrued income	516	-	995	-
Provision for impairment of accrued income	(198)	-	-	-
	<u>318</u>	<u>640</u>	<u>995</u>	<u>640</u>

#### 10 Trade and other payables

	2017 Current £ 000	2016 Current £ 000
Accrued expenses	-	76
Amounts owed to Group undertakings	1,467	1,338
	<u>1,467</u>	<u>1,414</u>

The amounts owed to Group undertakings are interest-free, unsecured and repayable on demand.

## Energy for Tomorrow

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 11 Other provisions

	Other provisions £ 000	Total £ 000
At 1 January 2017	2,328	2,328
Additional provisions	475	475
At 31 December 2017	2,803	2,803

The provision relates to a constructive obligation requiring that any excess revenue over costs will be spent on further installations and educational materials. 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.

#### 12 Parent and ultimate parent undertaking

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

The ultimate parent and controlling party 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 address of Centrica plc is Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD