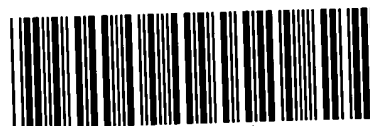


Registration number: 09402727

ENER-G Cogen International Limited
Annual Report and Financial Statements
for the Year Ended 30 March 2016

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ENER-G Cogen International Limited

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ENER-G Cogen International Limited

Strategic Report for the Year Ended 30 March 2016

The directors present their strategic report for ENER-G Cogen International Limited for the year ended 30 March 2016.

Company strategy

The Company's strategy is to act as a holding company to subsidiaries who:

- Provide the highest standard of service to our customers and constantly exceed their expectations;
- Create a working environment where excellence, commitment and achievement are recognised and rewarded;
- Promote a quality-focused culture and aim to become the partner of first choice;
- Build successful long-term income streams through successful long-term relationships with customers, suppliers and influencers.

This strategy will be achieved by working with our existing stakeholders to develop new business opportunities, both in the UK and overseas, and by continuing to support the expansion of cogeneration technologies in attractive overseas markets through our network of Cogen Partners and the international operations of the Centrica group since the Company was acquired by Centrica plc in May 2016.

Review of the business

The principal activity of the Company is as a holding company. The financial position of the Company is presented in the Statement of Financial Position (the "balance sheet") on page 11. Total equity at 30 March 2016 was £22.93m (2015: £1).

The Company was incorporated in the prior year and as such is presenting current year results for the year to 30 March 2016, and prior period results from the date of incorporation (22 January 2015) to 31 March 2015.

The Company has made good progress with its strategy this year and it has resulted in a profit before income tax of £7.16m (2015: £nil) as shown on page 9. No dividends were paid during the year (2015: £nil).

During the year, the Company issued shares totalling £15.73m (2015: £nil) as detailed in note 12.

All areas of the Company's investment activities are in sectors offering good potential for future growth – supported by UK, EU and worldwide policies for sustainable energy and energy efficiency. We expect to make steady progress in our selected markets as we invest in new equipment and projects.

Principal risks and uncertainties

In common with all businesses, the Company's subsidiaries are affected by a number of factors, not all of which are wholly within the control of the business.

The regulatory and technology changes in the UK and in the broader operating environment, together with the associated movements in energy prices each have the ability to both stimulate and suppress demand for the Company's products. The long-term trend is that energy prices will increase and, due to the nature of the UK power generation market, should help to provide opportunities to develop new sales and long-term revenue streams.

ENER-G Cogen International Limited

Strategic Report for the Year Ended 30 March 2016 *(continued)*

An increased focus on the environmental impact of CHP as the UK energy market moves to a clean energy supply system and a desire for zero carbon emissions means that, for CHP to remain relevant in providing low cost, low carbon energy, changes must take place. We are ideally placed to respond to these challenges through our market leading position, awareness of new technologies and our close links with well renowned trade associations and industry bodies.

Over the years there have been significant improvements in all aspects of CHP and its associated technology. A failure to keep pace with technological development would put us at a competitive disadvantage. To ensure we remain at the forefront of innovation our product offering is continuously enhanced by our dedicated product development team.

Key performance indicators (KPIs)

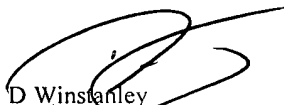
Given the nature of the business, the Company's directors are of the opinion that the Company's key performance indicators necessary for an understanding of the development, performance and position of the business are profitability and net assets. The assessment of these KPIs are shown in the review of the business.

Future developments and important events after the financial year end

Following the acquisition of the Company by Centrica plc, the Company is well placed to continue and accelerate the growth in the distributed energy and power market sectors in the UK and overseas, leveraging the resources and opportunities that are available as part of a much larger group.

In June, a UK referendum resulted in a vote for the country to leave the European Union and the resultant uncertainty adds to the challenges for UK businesses in all sectors. This uncertainty may lead to volatility in markets with potential fluctuations in foreign exchange rates, interest rates and import and export tariffs. These movements could impact, amongst other things: the cost of manufacturing, the sales price of exported products and the cost of imported competitor equipment into the UK. Overall, we judge the direct net impact on the Group and Company specifically to be minimal in the short term.

Approved by the Board of Directors on 21 March 2017 and signed on behalf of the Board by:



D Winstanley
Director

ENER-G Cogen International Limited

Directors' Report for the Year Ended 30 March 2016

The directors present their report and the audited financial statements for the year ended 30 March 2016.

Directors of the Company

A K Barlow
D Winstanley
I A Hopkins
P Szabó

J M Bergman
R E Goodman (resigned 2 September 2016)
J Pikunic (appointed 16 May 2016)
R McCord (appointed 16 May 2016)

Results and dividends

The Company's Financial Statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosures Framework ('FRS 101'). The Company's transition date to FRS 101 was 22 January 2015, being the date of incorporation of the business, and no restatements were required. For further details of the transition to FRS 101, see notes.

The Company was incorporated in the prior year and as such is presenting current year results for the year to 30 March 2016, and prior period results from the date of incorporation (22 January 2015) to 31 March 2015.

The results of the Company are set out on page 9. The profit for the financial year ended 30 March 2016 is £7.16m (2015: £nil). During the year, the Company received dividends totalling £7.34m (2015: £nil). The directors do not recommend a final dividend payment in respect of the financial year ended 30 March 2016.

Future developments

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

Post-balance sheet events

Post-balance sheet events are detailed in note 15 of the financial statements.

Going Concern

The financial statements have been prepared on the going concern basis for the reasons set out in note 1 to the financial statements.

Directors' and officers' liability

Directors' and officers' liability insurance was put in place by the previous ultimate parent company, Adamson Del 1 Limited (previously named ENER-G plc), and has been purchased by the current ultimate parent company, Centrica plc following the change in ultimate ownership. Insurance cover was in place throughout the year under review, although the insurance does not provide cover in the event that the director is proved to have acted fraudulently.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including risks associated with investment impairment, intercompany receivable credit risk and cash flow risk. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors. The Company does not use derivative financial instruments for speculative purposes.

ENER-G Cogen International Limited

Directors Report for the Year Ended 30 March 2016 *(continued)*

Financial risk management objectives and policies *(continued)*

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures where appropriate.

Interest bearing assets and liabilities are monitored closely by the Group treasury team to ensure certainty of cash flows.

Investment impairment risk and intercompany receivable credit risk

The Company's principal assets are investments in subsidiaries. Subsidiary performance is closely monitored to ensure certainty of the carrying value of investments and intercompany receivables.

ENER-G Cogen International Limited

Directors Report for the Year Ended 30 March 2016 *(continued)*

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ENER-G Cogen International Limited

Directors Report for the Year Ended 30 March 2016 *(continued)*

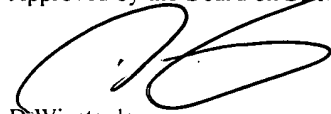
Disclosure of information to auditors

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.

Reappointment of auditors

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

Approved by the Board on 21 March 2017 and signed on behalf of the Board by:



D Winstanley
Director

Company registered in England and wales, No. 09402727

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

ENER-G Cogen International Limited

Independent auditor's report to the members of ENER-G Cogen International Limited

We have audited the financial statements of ENER-G Cogen International Limited for the year ended 30 March 2016 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 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

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 and the Directors' Report.

ENER-G Cogen International Limited

Independent auditor's report to the members of ENER-G Cogen International Limited *(continued)*

Matters on which we are required to report by exception

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

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

Jane Boardman BSc FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
21 March 2017

ENER-G Cogen International Limited

Income Statement for the Year Ended 30 March 2016 and the Period Ended 31 March 2015

	Note	2016 £ 000	2015 £ 000
Operating costs	4	(211)	-
Other income		-	-
Operating loss		(211)	-
Income from shares in group undertakings	6	7,341	-
Finance income	6	67	-
Finance cost	6	(34)	-
		7,374	-
Profit before income tax		7,163	-
Income tax credit	8	35	-
Profit for the year / period from continuing operations		7,198	-

ENER-G Cogen International Limited

Statement of Comprehensive Income for the Year Ended 30 March 2016 and the Period Ended 31 March 2015

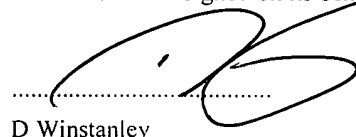
	2016 £ 000	2015 £ 000
Profit for the year/ period	<u>7,198</u>	<u>-</u>
Other comprehensive income	-	-
Total comprehensive income for the year / period	<u>7,198</u>	<u>-</u>

ENER-G Cogen International Limited

Statement of Financial Position as at 30 March 2016

	Note	2016 £ 000	2015 £ 000
Non-current assets			
Investments	9	20,727	-
		<u>20,727</u>	<u>-</u>
Current assets			
Trade and other receivables	10	16,735	-
Cash and cash equivalents		9	-
		<u>16,744</u>	<u>-</u>
Total assets		<u>37,471</u>	<u>-</u>
Current liabilities			
Trade and other payables	11	(14,546)	-
		<u>(14,546)</u>	<u>-</u>
Total liabilities		<u>(14,546)</u>	<u>-</u>
Net assets		<u>22,925</u>	<u>-</u>
Equity			
Share capital	12	15,727	-
Retained earnings	12	7,198	-
Total equity		<u>22,925</u>	<u>-</u>

The financial statements on pages 9 to 19 were approved and authorised for issue by the Board of Directors on 21 March 2017 and signed on its behalf by:



D Winstanley

Director

Company number 09402727

ENER-G Cogen International Limited

Statement of Changes in Equity for the Year Ended 30 March 2016

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2015	-	-	-
Profit for the year	-	7,198	7,198
Other comprehensive income	-	-	-
Total comprehensive income	-	7,198	7,198
Share issue	15,727	-	15,727
At 30 March 2016	15,727	7,198	22,925

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 22 January 2015	-	-	-
Profit for the period	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
At 31 March 2015	-	-	-

ENER-G Cogen International Limited

Notes to the Financial Statements for the Year Ended 30 March 2016

1. General information

ENER-G Cogen International Limited (the 'Company') is a company limited by share capital incorporated and domiciled in United Kingdom.

The financial statements for the current year are made up to the 30 March 2016, with the prior period representing the period from incorporation on 22 January 2015 to 31 March 2015.

These financial statements were authorised for issue by the Board on 21 March 2017.

2. Accounting policies

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 30 March 2016 the Company has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

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.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has effected the reported financial position, financial performance and cash flows of the Company is provided in note 17.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Investments in subsidiaries, associates and joint ventures – on transition to FRS 101, investments in subsidiaries are measured at deemed cost, being the previous GAAP carrying value of the investment; and
- Leases – on transition to FRS 101, the assessment of whether arrangements contain a lease or not is performed based on facts and circumstances existing at the date of transition.

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

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for tangible fixed assets and intangible assets;
- Comparative period reconciliations for share capital;
- Disclosures in respect of related parties transactions with wholly-owned subsidiaries;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

Note that the Company has early adopted the following amendments to FRS 101 (effective for periods beginning on or after 1 January 2016) in these financial statements:

- Presentation of IAS format financial statements; and
- Exemption from the presentation of a third balance sheet (being the opening balance sheet of the Company at the date of application of FRS 101).

These financial statements are presented in pound sterling (with all values rounded to the nearest thousand pounds (£000) except when otherwise indicated), which is also the functional currency of the Company. Operations and transactions conducted in currencies other than the functional currency are translated in accordance with the foreign currencies accounting policy set out below.

The financial statements are prepared on the historical cost basis.

ENER-G Cogen International Limited

Notes to the Financial Statements for the Year Ended 30 March 2016 (continued)

2. Accounting policies (continued)

Impact of new but not yet effective IFRSs

None of the new but not yet effective IFRS standards are expected to have a material effect on the financial statements or it is too early to assess the impact on the financial statements.

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.

Going concern

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

The Company's subsidiaries are expected to continue to generate positive cash flows on their own account for the foreseeable future.

The directors, having assessed the responses of the directors of the Company's ultimate parent, Centrica plc, to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Centrica group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Centrica plc, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Investments

Fixed asset investments in subsidiaries' shares are held at cost in accordance with IAS 27, less any provision for impairment as necessary.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

3. Critical accounting judgements and key sources of 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 associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The key accounting judgement relates to the review and calculation of impairment provision required against investments. Full financial forecasts are available for the subsidiary undertakings and are reviewed to determine the long term prospects of the performance of the subsidiaries and assess against the carrying value of the investment.

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

ENER-G Cogen International Limited

Notes to the Financial Statements for the Year Ended 30 March 2016 *(continued)*

4. Operating costs

Operating costs represent other operating costs incurred as the normal course of business.

5. Employee costs

The Company has no employees (2015: nil) and no directors were remunerated by the Company during the year.

The directors who served during the year were remunerated by the companies in which they were employed. It is not practicable to allocate the remuneration between their services as directors of various group companies.

6. Net finance income

Finance income	2016 £ 000	2015 £ 000
Interest income from amounts owed by group undertakings	67	-
Dividend income from group undertakings	7,341	-
Total finance income	7,408	-
Finance costs		
	2016 £ 000	2015 £ 000
Interest on amounts owed to group undertakings	(34)	-
Total finance costs	(34)	-
Net finance income	7,374	-

7. Auditor's remuneration

Auditor's remuneration and non-audit fees in the year have been borne by other group companies.

8. Tax

Tax credit in the income statement

	2016 £ 000	2015 £ 000
Current taxation		
UK corporation tax at 20% (2015: 21%)	(35)	-
Total current income tax	(35)	-
Deferred taxation		
Arising from origination and reversal of temporary differences - UK	-	-
Arising from changes in tax rates and laws	-	-
Total deferred taxation	-	-
Tax credit in the income statement	(35)	-

ENER-G Cogen International Limited

Notes to the Financial Statements for the Year Ended 30 March 2016 (continued)

8. Tax (continued)

The main rate of corporation tax was reduced to 20% by Finance Act 2015 from 1 April 2015. Further reductions were enacted by Finance (No 2) Act 2015 to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. These enacted reduced rates of corporation tax have been reflected within these financial statements. A further reduction in the rate to 17% from 1 April 2020 were included in the Finance Bill 2016 and is not reflected in the financial statements. As such the previously enacted rate of 18% from 1 April 2020 will not come into effect. The impact of the reduction in the corporate tax rate to 17% on the financial statements is not expected to be significant.

The differences between the taxes shown above and the amounts calculated by applying the standard rate of UK corporation tax rate to the profit before tax are reconciled below:

	2016 £ 000	2015 £ 000
Profit before tax at 20% (2015: 21%)	7,163	-
Tax expense at standard UK rate	1,433	-
<i>Effects of:</i>		
Income not taxable	(1,468)	-
Total income tax credit	(35)	-

The Company has no recognised or unrecognised deferred tax assets or liabilities.

9. Investments

	Shares in group undertakings (subsidiaries) £ 000
Cost and net book value	
At 1 April 2015	-
Additions	20,727
At 30 March 2016	20,727

During the year, as part of a reorganisation of the Ylem Group Limited (previously named ENER-G Holdings plc) group of companies, the Company issued its own share capital and subscribed to loan notes payable and receivable in exchange for its investment in subsidiary undertakings as detailed in note 12.

There were no impairment losses recognised in the year, and no impairment indicators identified.

ENER-G Cogen International Limited

Notes to the Financial Statements for the Year Ended 30 March 2016 (continued)

10. Trade and other receivables

	2016		2015	
	Current £ 000	Non-current £ 000	Current £ 000	Non-current £ 000
Financial assets:				
Amounts owed by group undertakings	16,735	-	-	-
	<u>16,735</u>	<u>-</u>	<u>-</u>	<u>-</u>

There are no non-financial assets in trade and other receivables at either the current year end or prior period end.

Amounts owed by group undertakings include £16,700k (2015: £nil) that bears interest at a quarterly rate determined by Ylem Group Limited and linked to its cost of funds and also includes £35k (2015: £nil) for group relief surrendered. The range of the quarterly rate charged was between 0.4% and 0.6%. The other amounts owed by group undertakings are interest-free. All amounts owed by group undertakings are unsecured and repayable on demand. The amounts owed by group undertakings were settled post year end as part of a Centrica plc funding review.

11. Trade and other payables

	2016		2015	
	Current £ 000	Non-current £ 000	Current £ 000	Non-current £ 000
Financial liabilities:				
Amounts owed to group undertakings	(14,546)	-	-	-
	<u>(14,546)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial liabilities within trade and other payables are all due within 90 days.

There are no non-financial liabilities in trade and other payables at either the current year end or prior period end.

Amounts owed to group undertakings include £14,546k (2015: £nil) that bears interest at a quarterly rate determined by Ylem Group Limited treasury and linked to the cost of funds. The range of the quarterly rate charged was between 0.5% and 0.6%. All amounts owed to group undertakings are unsecured and repayable on demand. The amounts owed to group undertakings were settled posted year end as part of the terms of the acquisition of the Company by Centrica plc.

12. Capital and retained earnings

Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£ 000	No.	£ 000
Ordinary shares of £1 each	15,726,534	15,727	1	-

ENER-G Cogen International Limited

Notes to the Financial Statements for the Year Ended 30 March 2016 *(continued)*

12. Capital and retained earnings *(continued)*

Share issue

During the year the Company allotted 15,726,533 shares as consideration for the entire issued share capital of the following companies:

Name	Principal activity	Country of incorporation	Class of shares held	Shareholding (%)
ENER-G Power2 Limited	Holding company	United Kingdom	Ordinary shares	100%
ENER-G Group Inc	Energy management products and services	United States	Membership interest	100%
ENER-G Energia Technológia Zrt	Energy management products and services	Hungary	Ordinary shares	100%
ENER-G Tehnologii Energetice Srl	Energy management products and services	Romania	Ordinary shares	100%
ENER-G Nedalo BV	Energy management products and services	Netherlands	Ordinary shares	100%
ENER-G Italia Srl	Energy management products and services	Italy	Ordinary shares	100%

Retained earnings

The balance classified as retained earnings includes the profits and losses realised by the Company in previous periods that were not distributed to the shareholders of the Company at the balance sheet date.

13. Related party transactions

The Company has claimed the exemption contained in IAS 24, which is available to wholly-owned subsidiaries, not to disclose related party transactions with other members of the group.

14. Parent and ultimate parent undertaking

The immediate parent undertaking is Ylem Group Limited (previously named ENER-G Holdings plc), a company registered in England and Wales.

During the current and previous financial years, the Company's ultimate parent company was Adamson Del 1 Limited (previously named ENER-G plc), a company incorporated in Great Britain and registered in England and Wales. The ultimate group, which is the smallest and largest group in which the results were consolidated, was Ylem Group Limited (previously named ENER-G Holdings plc), a company incorporated in Great Britain and registered in England and Wales whose principal place of business is Edison House, Daniel Adamson Road, Salford, M50 1DT. Ylem Group Limited is ultimately owned by a family trust of Mr Tim Scott, which is considered to be its ultimate controlling party.

After the year end, the Company was part of a group of companies that were disposed by Ylem Group Limited and the ultimate parent undertaking and controlling party became Centrica plc, a company registered in England and Wales.

Group financial statements for Ylem Group Limited are available from Companies House, Crown Way, Cardiff, CF4 3UZ.

ENER-G Cogen International Limited

Notes to the Financial Statements for the Year Ended 30 March 2016 *(continued)*

15. Adjusting and non-adjusting events that occurred after the financial year

After the year end, the Company was sold to GB Gas Holdings Limited, to become a subsidiary within the Centrica group of companies. Following this change of Company ownership, an internal reorganisation followed that led to the transfer of ownership of 100% of the investment in ENER-G Nedalo BV and resulted in the Company making a profit of £11.43m on the disposal of its investment.

16. Transition to FRS 101

As stated in the “basis for preparation” note, these are the Company’s first Financial Statements prepared in accordance with FRS 101. The accounting policies set out in the policies note have been applied in preparing the financial statements to 30 March 2016, the comparative period and in the preparation of an opening FRS 101 balance sheet at 22 January 2015 (the “Company’s date of transition”).

In preparing its FRS101 financial statements, the Company has not been required to adjust any amounts reported previously in its financial statements prepared in accordance with its old basis of accounting (UK GAAP).