Energia Group Limited
(Formerly known as Viridian Group Investments Limited)

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Financial Year 2019 Annual Report

Consolidated Financial Statements
31 March 2019

www.energiagroup.com

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Key Facts and Figures

Underlying Business Results[1]

€m
167.1

Group Pro-Forma EBITDA

Group Pro-Forma EBITDA	2019 €m	2018 €m
Renewables	80.0	64.5
Flexible Generation	39.1	43.4
Customer Solutions	48.0	40.5
	167.1	148.4

Capital expenditure
(2018 - €85.1m)

€m
89.6

IFRS Results[2]

Revenue
(2018 - €1,812.0m)

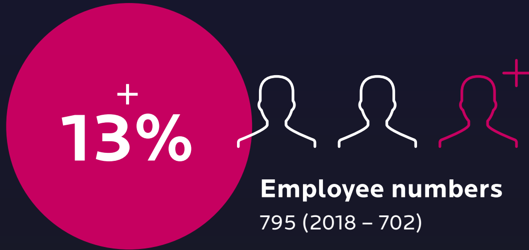
€m
2,031.6

€m
108.8

Operating profit
(2018 - €103.0m)

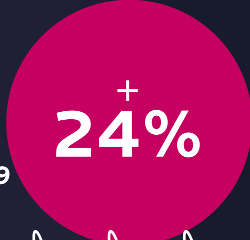
[1] Based on regulated entitlement and before exceptional items and certain remeasurements as outlined in note 4.
[2] Before exceptional items and certain remeasurements.

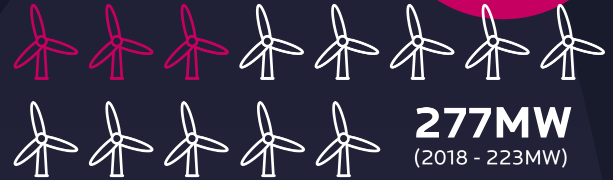
Operational Facts



Employee numbers
795 (2018 – 702)

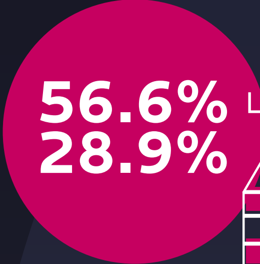
Wind generation assets in operation at March 31 2019





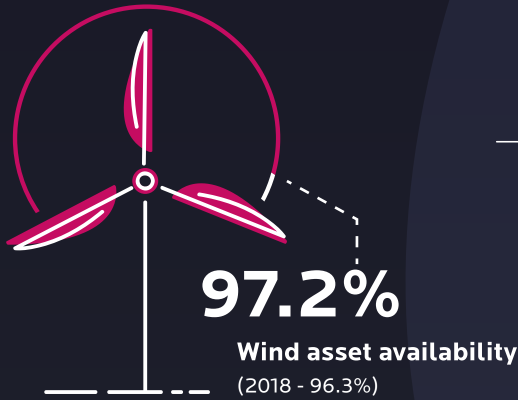
277MW
(2018 - 223MW)

Huntstown 1 & 2 unconstrained utilisation
(2018 - 21.3% / 23.2%)



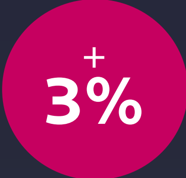
Huntstown CCGT 1 & 2 availability
(2018 - 97.5% / 92.9%)

97.1% **96.5%**

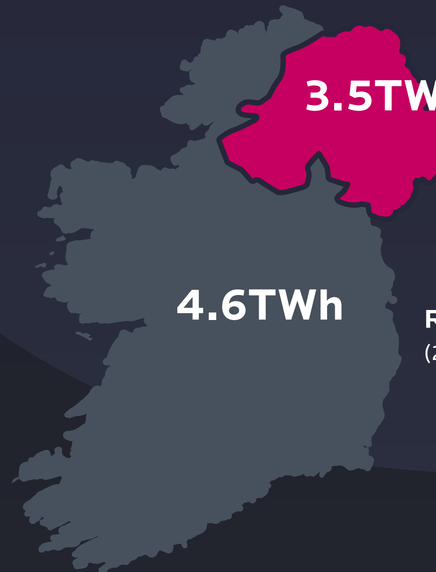


97.2%
Wind asset availability
(2018 - 96.3%)

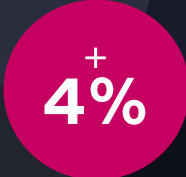
NI electricity sales
(2018 - 3.4TWh)



667,800
Residential customer sites supplied
(2018 - 658,100)



RoI electricity sales
(2018 - 4.4TWh)



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Strategic and Director’s Report

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Strategic and Director's Report

OPERATING REVIEW

All references in this document to 'Group' denote Energia Group Limited (formerly known as Viridian Group Investments Limited) and its subsidiary undertakings and to 'Company' denote Energia Group Limited, the parent company. The principal activity of the Company is that of a holding company.

Group Strategic Review

During the year the Board conducted a review of the Group's strategy. The review was carried out in the context of recent developments in the Group's business, changes in the wider energy market and trends which will affect the Group's business going forward.

The Board recognises the significant evolution of the Group's businesses in recent years. The Group has in particular built upon its position in the key sectors in which it operates, in Renewables, Customer Solutions and Flexible Generation. This has enhanced its position as a modern, renewables focused, customer centric utility whilst positioning the business for future growth and development.

The Group has constructed a portfolio of modern, high-quality onshore wind assets complementing its substantial portfolio of renewable PPAs as offtaker from 1,281MW of renewable generating capacity on the island of Ireland, thus significantly responding to attractive investment signals and contributing towards meeting the wider societal demands of the decarbonisation agenda while simultaneously de-risking the Group's business profile.

The Group has continued to grow its customer base and is further developing its technological capabilities in its Customers Solutions business. This will allow the Group to offer an expanding range of energy-related products to its customers which will underpin and increase the attractiveness of the Group's customer offerings.

At the same time the strategic benefits of the Group's locationally advantaged modern gas generation assets (situated on the edge of Dublin, Ireland's leading demand centre) have been recognised through the award of four year Local Reserve Services Agreements (LRSAs) for the Huntstown CCGTs. The Huntstown plants provide the flexible generation required to support the Dublin power network which is affected by historical constraints and which must nonetheless cope with the twin effects of substantially increasing demand from economic growth (including data centres attracted by the many locational advantages that Dublin presents); and the significant and increasing proportion of nonsynchronous generation, mainly on-shore wind.

Cornavarrow wind farm, Co. Tyrone

As a result of this strategic review, the Board has determined that it is more appropriate to manage the Group through reportable business units aligned to business drivers rather than the business units previously reported. Therefore with effect from 31 March 2019 the Board has organised the Group into the following business units for management and reporting purposes:

- **Renewables;**
- **Flexible Generation;** and
- **Customer Solutions.**

A description of these business units is provided below in the section entitled 'Business Model and Principal Activities'.

Recognising the increasing focus of the Group's business activities within the Republic of Ireland (RoI), the Board has also decided to make an accounting policy change for the Company to change its presentational currency from Sterling to Euro. The financial statements for the year ended 31 March 2019, together with the comparative year ended 31 March 2018 and the opening balance sheet at 1 April 2017, have all been restated and audited as part of these financial statements.

On 16 May 2019, as part of a Group rebranding exercise, the Company changed its name from Viridian Group Investments Limited to Energia Group Limited to better align its corporate identity with the activities of the operational business.

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Business Model and Principal Activities

The Group is a leading integrated Irish energy business with substantial businesses in both the RoI and Northern Ireland. The Group primarily operates through three businesses:

- **Renewables;**
- **Flexible Generation;** and
- **Customer Solutions.**

The Renewables business owns and operates 290MW of wind assets (including 13MW of minority owned assets) and purchases electricity from 1,281MW of renewable generation capacity throughout Ireland. In addition, the Renewables business is currently in the advanced stages of constructing a 4.0MW bioenergy plant in Dublin.

The Flexible Generation business owns and operates 747MW of conventional generation assets in the RoI and procures power under contract with 600MW of conventional generation assets in Northern Ireland.

The Customer Solutions business supplies electricity and gas to 256,300 customer sites in the RoI and 499,800 customer sites in Northern Ireland through its two retail brands, Energia and Power NI.

Strategy

As noted above, during the year, management and the Board completed a strategic review of the Group. Resulting from this review, the Group strategy has evolved significantly.

The island of Ireland, like the wider global energy sector, is undergoing a transformation, driven by the need to meet climate change targets and the effects of technological change. Decarbonisation is already an imperative; and the consequential electrification of large sectors of the economy, such as transport and heating are becoming policy priorities.

As the Group is a leading energy utility on the island of Ireland in each of its Renewables, Flexible Generation and Customer Solutions businesses, it has an important role to play in the energy transition the island of Ireland must go through in the next decade. The Group has put itself in a strong position to benefit from these changes. Accordingly, the Group's strategy is focused on continuing its evolution as a modern technologically-sophisticated, customer centric energy business with a strong emphasis on renewable technology providing innovative energy-related solutions and services that meet its customers' needs.

Management focuses on four strategic objectives which underpin the Group's strategy:

- build on and diversify the increasing platform of renewable assets to accelerate low carbon growth and increase earnings;

- grow our profitable customer base and focus on customer retention through technological advances with enhanced and differentiated product offerings, while looking for opportunities to increase, diversify and enhance the quality of our customer relationships. Ways in which the Group can assist our customers' aspiration to decarbonise will be a central aspect of our strategy;

- profitably develop, operate and grow our portfolio of flexible generation assets in a manner that supports the Group's renewable asset portfolio, enhances our product offering to customers and provides the grid services needed as Ireland transitions to a carbon neutral economy; and

- support the predictability of the Group's underlying earnings and stable cash flows through the diversity of contracted and regulated revenue streams. Earnings will be further underpinned by exploiting the complementarity of our operations in each of our business units through trading and balancing our portfolio of renewable and conventional generation with the demand from customers, employing industry leading technology and data management.

In line with its commitment to exploit the opportunities presented by technological advances relevant to its business, the Group has established a Group-wide hub to be the focus for collaboration on initiatives in innovation; and further to underpin delivery of the Group's Strategic objectives, the Group has significantly augmented its corporate development team. Further details of our initiatives are available on our website energiagroup.com.

Thornog wind farm, Co. Tyrone

Left to right: Tom Gillen, Catherine Gardiner, Garrett Donnellan, Gary Ryan, Michele Hanley, Peter Baillie, Roy Foreman, Alwyn Whitford, Ian Thom, Siobhan Bailey, John Newman, Stephen McCully.

Management Team

The management team is responsible for the delivery of the agreed strategy through the operational management of the Group's businesses. Biographies for the management team are provided in the section entitled "Management Team, Ownership and Directorship".

Key Performance Indicators

The Group has determined that the following key performance indicators (KPIs), covering both financial and operational performance, are the most effective measures of progress towards achieving the Group's objectives.

Financial KPIs

The financial KPIs are:

- **EBITDA;**
- **Capital expenditure; and**
- **Net debt.**

The EBITDA KPI is pro-forma EBITDA which is based on regulated entitlement and before exceptional items and certain remeasurements as outlined in note 4.

Commentary on the financial KPIs is set out in the Group Financial Performance section below and within the relevant Business Review.

Operational KPIs

The operational KPIs are:

Renewables

- the average annual and year end capacity (MW) of owned wind generation in operation in the RoI and Northern Ireland;
- availability (the percentage of time wind generation assets are available to produce full output);
- wind factor (the indicative output of the available wind generation assets); and
- the average annual and year end capacity (MW) of contracted renewable generation in operation in the RoI and Northern Ireland.

Flexible Generation

- generation plant availability (the percentage of time Huntstown CCGTs are available to produce full output);
- generation plant unconstrained utilisation (the indicative dispatch of the available Huntstown CCGTs assuming no constraints i.e. restrictions imposed by the Single Electricity Market Operator (SEMO) on the availability of the Huntstown CCGTs to dispatch electricity or physical limitations of dispatching such electricity); and
- generation plant incremental impact of constrained utilisation (the indicative dispatch of the available Huntstown CCGTs assuming constraints imposed by SEMO).

Customer Solutions

- residential and non-residential customer sites in the RoI and Northern Ireland;
- the volume of electricity sales (TWh) in the RoI and Northern Ireland;
- the volume of gas sales (million therms) in the RoI; and
- the number of complaints which the Commission for Regulation of Utilities (CRU) and the Consumer Council for Northern Ireland (CCNI) (Stage 2 complaints) takes up on behalf of customers.

Operational KPIs and commentary on business performance are set out in the relevant Business Review.

The Group also regards the lost time incident rate (LTIR) as a KPI in respect of employee safety; details are set out in the Workplace section of the Corporate Social Responsibility (CSR) report.

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Group financial performance

The Group's financial KPIs are shown below:

	2019 €m	2018 €m
EBITDA[1]	167.1	148.4
Capital expenditure	89.6	85.1
Net debt	742.0	747.6

[1] As shown in note 4 to the accounts.

Total Group pro-forma EBITDA increased to €167.1m (2018 - €148.4m) primarily reflecting an increase in EBITDA in the Renewables and Customer Solutions businesses, partly offset by a reduction in the Flexible Generation business as discussed further below.

Net capital expenditure in respect of tangible fixed assets and intangible software assets increased to €89.6m (2018 - €85.1m) primarily reflecting an increase in capital expenditure in the Flexible Generation and Customer Solutions businesses, partly offset by a decrease in capital expenditure in the Renewables business as discussed further below.

The Group's net debt decreased to €742.0m (2018 - €747.6m) primarily reflecting higher cash and cash equivalents, partly offset by higher project finance facilities.

BUSINESS REVIEWS

Renewables

Overview

The Group owns and operates a generation portfolio comprising onshore wind assets across the RoI and Northern Ireland and a bioenergy plant under construction in the RoI. The Energia Group also purchases electricity under long-term off-take PPA contracts with third party renewable generators and the Group's owned renewable assets through its Customer Solutions businesses.

Financial performance

The Renewables financial KPIs are shown below:

	2019 €m	2018 €m
EBITDA	80.0	64.5
Capital expenditure	65.7	69.5

Renewables EBITDA increased to €80.0m (2018 - €64.5m) primarily reflecting higher EBITDA from the Group's wind generation assets (due to the commissioning of wind farms and higher market prices) and higher contributions from the Group's renewable PPA portfolio (primarily reflecting higher market prices).

Net capital expenditure decreased to €65.7m (2018 - €69.5m) primarily reflecting the commissioning of wind farms, partly offset by capital expenditure in relation to the development of bioenergy assets.

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Operational performance

KPIs	2019	2018
Wind generation assets owned Wind generation capacity in operation in the RoI and Northern Ireland		
- average during the year (MW)	250	203
- at 31 March (MW)	277	223
Availability (%)	97.2	96.3
Wind factor (%)	27.5	27.3
Renewable PPA portfolio Contracted renewable generation capacity in operation in the RoI and Northern Ireland		
- average during the year (MW)	1,294	1,198
- at 31 March (MW)	1,281	1,249

Wind generation assets

The Group wholly owns wind farm assets across the RoI and Northern Ireland. The average owned wind generation capacity in operation during the year ended 31 March 2019 was 250MW (2018 - 203MW) and at 31 March 2019, total generation capacity was 277MW (2018 – 223MW). This comprised 104MW (2018 – 104MW) of operating wind generation capacity in the RoI and 173MW (2018 - 119MW) of operating wind generation capacity in Northern Ireland.

Renewable assets availability was 97.2% (2018 – 96.3%) with a wind factor of 27.5% (2018 – 27.3%).

In February 2019, the Group completed the acquisition of a 21MW wind farm development project at Coolberrin in County Cavan.

In addition to its wholly owned wind generation assets, the Group also has a residual 25% minority share in a portfolio of wind generation assets in the RoI sold to the Irish Infrastructure Fund (IIF) in June 2012. On 14 December 2018, the Energia Group sold its 20% minority share in two Northern Ireland wind farms (IIF also disposed of its interest in these assets). The disposal resulted in a profit of €5.2m and cash proceeds of €9.8m.

In June 2018, non-recourse project finance facilities of up to €28.9m were put in place in respect of two wind farms with a combined capacity of 18MW in Northern Ireland. All operational wind farms now have project finance facilities in place with facilities fully drawn at 31 March 2019.

Distributions of €5.3m were made in the year ended 31 March 2019 (2018 - €0.2m) from the wholly owned wind generation assets together with €1.5m (2018 - €0.3m) from the minority owned wind generation assets.

Renewable PPA portfolio

The Group's renewable PPA portfolio primarily consists of off-take contracts with third party owned wind farms (alongside wind generation assets in which the Group has an equity interest). The Group, via its Customer Solutions business, has entered into contracts with developers under which it has agreed to purchase the long term output of a number of wind farm projects and with generators from other renewable sources (e.g. anaerobic digestion and biomass technologies).

The average contracted generation capacity in operation during the year was 1,294MW (2018 – 1,198MW) with 31 March 2019 operating capacity of 1,281MW (2018 – 1,249MW) of which the RoI operating capacity was 586MW (2018 - 585MW) and the Northern Ireland operating capacity was 695MW (2018 – 664MW).

Bioenergy assets

In May 2018, the Group completed the acquisition of CEHL (Dublin) Bioenergy Limited and its subsidiary, Huntstown Bioenergy Limited, from Connective Energy Holdings Limited.

The bioenergy plant at Huntstown in Dublin is a state of the art 4.0MW anaerobic digestion facility which will process up to 100,000 tonnes of organic municipal waste from the Dublin region. It is at an advanced stage of construction and will produce c32GWh of green renewable electricity on an annual basis. Huntstown Bioenergy Limited has entered into a long term fuel supply agreement to supply the majority of the organic waste required for the plant over 10 years at fixed prices. On 18 April 2019, the Group put in place a debt finance package of €44m in respect of the Huntstown bioenergy plant. Commercial operation is expected by December 2019 with the plant benefiting from Renewable Energy Feed-In Tariff scheme (REFIT) support.

Huntstown bioenergy plant in construction

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A planning application is expected to be lodged shortly for a 4.1MW anaerobic digestion project at Giant's Park in Belfast and it is intended to put project financing in place in due course. The site is adjacent to operational Renewable Obligation Certificate (ROC) accredited Combined Heat and Power (CHP) engines which the Group owns. Subject to planning and licensing the plant is expected to be operational by the end of 2021.

Outlook

The Group is continuing to develop its recently acquired Coolberrin wind farm development project in County Cavan and is also assessing a significant number of other opportunities to acquire and develop further wind farm development projects. It is also developing its plans for a proposed bioenergy plant at Giant's Park in Belfast while assessing opportunities to invest in solar and off-shore wind farm development projects.

The Group has been awarded Interreg and Office for Low Emissions Vehicles (OLEV) grant funding for an electrolyser, which will create hydrogen from renewable electricity at the Long Mountain windfarm, and a fueling station to be located in Belfast. The OLEV funding will also support Translink (Northern Ireland's public transport provider) with the purchase of a number of double deck hydrogen buses.

Flexible Generation

Overview

The Group owns and operates two CCGT plants at the Huntstown site in north Dublin. Huntstown 1, a 343MW CCGT plant was commissioned in November 2002 and Huntstown 2, a 404MW CCGT plant adjacent to Huntstown 1, was commissioned in October 2007.

In addition, the Group's PPB business administers 600MW of contracted generation capacity from the Ballylumford power station in Northern Ireland. This legacy contract runs to September 2023 and is cancellable by the Utility Regulator with six months notice.

Financial performance

	2019 €m	2018 €m
EBITDA	39.1	43.4
Capital expenditure	6.4	0.7

EBITDA decreased to €39.1m (2018 – €43.4m) primarily reflecting higher operating costs (primarily associated with the planned outage of Huntstown 2 in March 2019), partly offset by higher utilisation of the Huntstown plants.

Net capital expenditure increased to €6.4m (2018 - €0.7m) primarily due to higher capital expenditure in respect of planned outages for the Huntstown plants.

Operational performance

KPIs	2019	2018
Huntstown CCGTs Availability (%)		
- Huntstown 1	97.1	97.5
- Huntstown 2	96.5	92.9
Unconstrained utilisation (%)		
- Huntstown 1	56.6	21.3
- Huntstown 2	28.9	23.2
Incremental impact of constrained utilisation (%)		
- Huntstown 1	(5.6)	29.9
- Huntstown 2	11.1	6.7

Huntstown 1 availability was 97.1% (2018 – 97.5%). A 10 day planned outage took place during May 2018 in relation to a minor inspection on the gas turbine.

Huntstown 2 availability was 96.5% (2018 – 92.9%) primarily reflecting a 42 day planned maintenance outage which commenced in March 2019 and was successfully completed on 29 April 2019. The prior year lower availability reflects a 22 day outage which commenced in June 2017.

Huntstown 1 unconstrained utilisation was 56.6% (2018 – 21.3%). Huntstown 2 unconstrained utilisation was 28.9% (2018 – 23.2%).

The incremental impact of constrained utilisation for Huntstown 1 was 5.6% constrained off (2018 – 29.9% constrained on). The incremental impact of constrained utilisation for Huntstown 2 was 11.1% constrained on (2018 – 6.7% constrained on).

Outlook

On 30 September 2018, the Group reached an agreement with EirGrid and CRU and entered into LRSAs for the Huntstown plants. The four year LRSAs ensure that the Huntstown plants continue to be available to meet security of supply in the Dublin area, whilst providing sufficient remuneration to the plants for services being provided in the new I-SEM market.

On 2 April 2019, SEMO published provisional results which confirmed that Huntstown 2 had been awarded a reliability contract but Huntstown 1 had not been awarded such a contract in the T-4 capacity auction for the 2022 / 23 capacity year which immediately follows the expiry of the LRSAs.

Given the importance of the Huntstown plants to security of supply in the Dublin area, as a matter of priority the Group is considering its options regarding the longer term sustainability of the Huntstown plants.

The Group is assessing a number of flexible generation, energy storage and behind the meter projects in line with its strategy to grow the business in a manner which supports its renewable asset portfolio and product offerings to customers.

Customer Solutions

Overview

The Group's Customer Solutions business operates under the Energia and Power NI brands.

Energia also supplies natural gas to business and residential customers in the RoI.

Energia supplies electricity to business and residential customers in the RoI and business customers in Northern Ireland.

Power NI is the regulated electricity supplier in Northern Ireland and supplies electricity to business and residential customers.

Financial performance

	2019 €m	2018 €m
EBITDA	48.0	40.5
Capital expenditure	17.5	14.9

EBITDA increased to €48.0m (2018 - €40.5m) primarily reflecting higher residential and non-residential margins in the RoI (reflecting higher volumes and market prices), partly offset by higher operating costs in Power NI.

Net capital expenditure increased to €17.5m (2018 - €14.9m) primarily reflecting expenditure on I-SEM systems introduced on 1 October 2018 and the upgrade of Energia's billing system.

Operational performance

KPIs	**2019**	2018
Customer sites (number) **RoI**		
- Residential electricity	153,000	141,400
- Residential gas	57,500	50,700
	210,500	**192,100**
- Non-residential electricity	42,000	48,200
- Non-residential gas	3,800	4,300
	45,800	**52,500**
Total ROI	**256,300**	**244,600**
Northern Ireland		
- Residential electricity	457,300	466,000
- Non-residential electricity	42,500	41,600
Total Northern Ireland	**499,800**	**507,600**
Energy sales **RoI**		
- Electricity sales (TWh)	4.6	4.4
- Gas sales (million therms)	78.2	78.3
Northern Ireland		
- Electricity sales (TWh)	3.5	3.4
Complaints (number)		
Complaints to the CRU in the RoI	1	3
Complaints to the CCNI in Northern Ireland	2	4

Residential electricity and gas customer sites in the RoI increased to 210,500 at 31 March 2019 (2018 – 192,100) reflecting continued growth in these markets.

Non-residential electricity customer sites in the RoI were 42,000 at 31 March 2019 (2018 – 48,200). Non-residential gas customer sites in the RoI were 3,800 at 31 March 2019 (2018 – 4,300).

Residential customer numbers in Northern Ireland decreased to 457,300 at 31 March 2019 (2018 – 466,000). Non-residential customer numbers in Northern Ireland were 42,500 at 31 March 2019 (2018 – 41,600).

Total electricity sales volumes in the RoI were 4.6TWh (2018 – 4.4TWh) and in Northern Ireland were 3.5TWh (2018 – 3.4TWh). RoI gas sales volumes were 78.2m therms (2018 – 78.3m therms).

During the year, the Group received one (2018 – three) complaint which was referred to the CRU and two (2018 – four) complaints which were referred to the CCNI. The number of complaints continues to compare favourably with best practice in Great Britain and represents best practice in the Northern Ireland residential electricity supply market.

Outlook

The Group is investing in its digital platform to enable the continued delivery of innovative, enhanced and differentiated product offerings to customers.

Regulatory and other business developments

Renewables

RoI Government Support for renewables

The RoI Government has proposed a new Renewable Electricity Support Scheme (RESS) which will provide support to renewable electricity projects in the RoI, subject to EU State Aid approval clearance. With a primary focus on cost effectiveness, the RESS will help deliver renewable electricity policy to 2030. The scheme design will be auction based and auctions will be held at frequent intervals throughout the lifetime of the scheme. The final scheme will be subject to the receipt of State Aid clearance from The EU Commission. The Minister for Communications, Climate Action and Environment announced on 28 March 2019 that the RoI Government would set itself a target to achieve 70% of Ireland's electricity supply to be generated from renewables by 2030.

Flexible Generation

Regulatory process in respect of I-SEM capacity remuneration mechanism

On 30 September 2018 the Group reached agreement with EirGrid and CRU and entered into LRSAs for the Huntstown plants. The four year LRSAs ensure that the Huntstown plants continue to be available to meet security of supply in the Dublin area whilst providing sufficient remuneration to the plants for the services being provided in the new I-SEM market.

Following expiry of the LRSAs on 30 September 2022, the Group has agreed potentially to make

a proportion of Huntstown's firm access rights to the transmission system available to EirGrid for a period of two years to facilitate EirGrid in alleviating the Dublin transmission constraints.

On signing of the LRSAs the Group accepted the I-SEM related generating licence modifications previously challenged by the Group. The protective notice of redundancy was also removed for relevant Huntstown staff.

I-SEM market and capacity remuneration mechanism auction update

Following the SEM Committee's confirmation on 31 August 2018, the new I-SEM market went live on 1 October 2018. On 21 December 2018, SEMO published provisional results which confirmed that both Huntstown plants had been awarded reliability options in the T-1 capacity auction for the 2019/20 capacity year. The auction clearing price was €40,646/MW and the final results were confirmed on 1 February 2019.

On 2 April 2019, SEMO published provisional results which confirmed that Huntstown 2 had been awarded a reliability option contract but Huntstown 1 had not been awarded such a contract in the T-4 capacity auction for the 2022/23 capacity year. The auction clearing price was €46,150/MW and the final results were confirmed on 4 April 2019. Given the importance of the Huntstown plants to security of supply in the Dublin area, as a matter of priority the Group is considering its options regarding the longer term sustainability of the Huntstown plants.

PPB price control

The Utility Regulator (UR) published, on 14 January 2019, its decision paper and proposed licence modifications necessary to implement the revised PPB price control. Publication of the final licence modifications is expected imminently. The revised price control is scheduled to run until September 2023 to coincide with the expiry of the Generating Unit Agreements covering 600MW of CCGT capacity at the Ballylumford Power Station.

Customer Solutions

Power NI Price control

On 25 May 2018 the UR confirmed its intention to extend Power NI's current price control a further two years, from 1 April 2019 to 31 March 2021, based on Power NI agreeing to share with customers the benefits of annual efficiency gains made during the current price control period.

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Summary of Financial Performance

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Summary of Financial Performance

Revenue

Revenue from continuing operations increased to €2,031.6m (2018 - €1,812.0m). The breakdown by business is as follows:

Year to 31 March	2019 €m	2018 €m
Renewables	227.7	220.7
Flexible Generation (based on regulated entitlement)	431.7	333.3
Customer Solutions (based on regulated entitlement)	1,381.9	1,263.9
Adjustment for under-recovery	(11.1)	(4.6)
Inter business elimination	1.4	(1.3)
Total revenue from continuing operations	**2,031.6**	**1,812.0**

Total revenue from continuing operations increased to €2,031.6m (2018 - €1,812.0m).

Revenue from the Renewables business increased to €227.7m (2018 - €220.7m) primarily reflecting higher revenues from the commissioning of wind farms during the year, together with higher market prices partly offset by lower wind factors for the renewable PPAs.

Flexible Generation revenue increased to €431.7m (2018 - €333.3m) primarily reflecting higher utilisation of the Huntstown plants and higher market prices, partly offset by lower utilisation of the Ballylumford plant.

Customer Solutions revenue increased to €1,381.9m (2018 - €1,263.9m) primarily due to higher Power NI regulated and deregulated revenue (reflecting the tariff increase in October 2018) and higher Energia residential and non-residential revenue (due to higher market prices and higher volumes).

During the year the regulated businesses of Power NI and PPB under-recovered against their regulated entitlement by €11.1m (2018 – €4.6m) and at 31 March 2019 the cumulative over-recovery against regulated entitlement was €1.8m. The over-recovery of regulated entitlement reflects the phasing of tariffs.

Operating costs

Operating costs (pre-exceptional items and certain remeasurements and excluding depreciation) increased to €1,875.6m (2018 - €1,668.2m). The breakdown is as follows:

Year to 31 March	2019 €m	2018 €m
Energy costs	1,770.9	1,581.2
Employee costs	38.0	32.7
Other operating charges	66.7	54.3
Total pre exceptional items and certain remeasurements	**1,875.6**	**1,668.2**

Energy costs increased to €1,770.9m (2018 - €1,581.2m) primarily reflecting higher energy costs (associated with higher prices), higher Huntstown plant utilisation and higher residential and non-residential electricity volumes.

Employee costs increased to €38.0m (2018 - €32.7m) reflecting an increase in headcount due to the recruitment of staff required to operate the Huntstown bioenergy plant, additional staff required to participate in the new I-SEM market and an increase in the Group's corporate development team.

Other operating charges increased to €66.7m (2018 - €54.3m) reflecting higher maintenance costs for the Huntstown plants and higher operating costs for the Renewables businesses and Power NI.

Group EBITDA

The following table shows the Group pro-forma EBITDA (pre-exceptional items and certain remeasurements) by business:

Year to 31 March	2019 €m	2018 €m
Renewables	80.0	64.5
Flexible Generation	39.1	43.4
Customer Solutions	48.0	40.5
Group pro-forma EBITDA	**167.1**	**148.4**
Under-recovery of regulated entitlement	(11.1)	(4.6)
EBITDA	**156.0**	**143.8**

All of the above amounts are pre-exceptional items and certain remeasurements as shown in note 4 to the accounts

Group pro-forma EBITDA (pre-exceptional items and certain remeasurements) increased to €167.1m (2018 – €148.4m) primarily reflecting an increase in EBITDA in the Renewables and Customer Solutions businesses, partly offset by a reduction in the Flexible Generation business.

Renewables EBITDA (pre-exceptional items and certain remeasurements) increased to €80.0m (2018 – €64.5m) primarily reflecting higher wind generation assets EBITDA (due to the commissioning of wind farms and higher market prices) and higher contributions from renewable PPAs (primarily reflecting higher market prices).

Flexible Generation EBITDA decreased to €39.1m (2018 – €43.4m) primarily reflecting higher operating costs (associated with the planned outage of Huntstown 2 in March 2019), partly offset by higher utilisation of the Huntstown plants.

Customer Solutions EBITDA increased to €48.0m (2018 – €40.5m) primarily reflecting higher residential and non-residential margins in the RoI (reflecting higher volumes and market prices), partly offset by higher operating costs in Power NI.

Depreciation

The Group's depreciation and amortisation by business is summarised as follows:

Year to 31 March	2019 €m	2018 €m
Renewables	21.4	16.8
Flexible Generation	17.3	16.7
Customer Solutions	8.5	7.3
Total Depreciation	**47.2**	**40.8**

Depreciation and amortisation increased to €47.2m (2018 - €40.8m) primarily reflecting higher depreciation for the Renewables businesses (associated with the commissioning of wind farms).

Group operating profit

The Group's operating profit by business is summarised as follows:

Year to 31 March	**2019 €m**	2018 €m
Renewables	58.7	47.7
Flexible Generation	21.8	26.7
Customer Solutions	39.4	33.2
Total Operating Profit	**119.9**	**107.6**

Group pro-forma operating profit (pre-exceptional items and certain remeasurements) increased to €119.9m (2018 - €107.6m) primarily reflecting a higher operating profit in the Renewables and Customer Solutions businesses partly offset by lower operating profit in the Flexible Generation business.

Exceptional items and certain remeasurements

Exceptional items and certain remeasurements were €11.5m (2018 - €133.1m). The breakdown by business is as follows:

Year to 31 March	**2019 €m**	2018 €m
Renewables	1.6	0.4
Flexible Generation	-	(140.3)
Customer Solutions	(13.1)	6.8
Total Exceptional Items and Certain Remeasurements	**(11.5)**	**(133.1)**

Exceptional items in the Renewables business were a €1.6m credit (2018 - €0.4m credit) reflecting a fair value adjustment to contingent consideration of €1.8m (2018 – €0.4m), partly offset by exceptional acquisition costs of €0.2m (2018 - €nil).

Exceptional items in the Flexible Generation business were €nil (2018 - €140.3m). Exceptional items in 2018 related to an impairment of the property, plant and equipment of the Huntstown plants associated with the impact of the new I-SEM market introduced 1 October 2018.

Exceptional items in the Customer Solutions business were €13.1m (2018 - €6.8m credit) reflecting certain remeasurements of €13.0m loss (2018 - €7.2m gain) relating to the recognition of the fair value of derivatives, partly offset by exceptional acquisition costs of €0.1m (2018 - €0.4m). Further information is outlined in note 7 to the accounts.

Net finance costs

Net finance costs (pre-exceptional items and certain remeasurements) decreased from €52.9m to €45.8m primarily reflecting a decrease in the Senior secured notes interest charge associated with the refinancing undertaken in September 2017, partly offset by the impact of foreign exchange movements in the period compared to the same period last year.

Tax charge

The total tax charge (pre-exceptional items and certain remeasurements) was €10.4m (2018 – €4.7m). A detailed analysis of the tax charge is outlined in note 11 to the accounts.

Cash flow before acquisitions, disposals, interest and tax

Group cash flow before acquisitions, disposals, interest and tax of continuing operations is summarised on the following page.

Year to 31 March	2019 €m	2018 €m
Group pro-forma EBITDA[1]	167.1	148.4
Defined benefit pension charge less contributions paid	(1.1)	(1.3)
Net movement in security deposits	(7.0)	(1.8)
Changes in working capital[2]	43.8	16.9
Under-recovery of regulated entitlement	(11.1)	(4.6)
Exceptional items	(0.3)	(0.4)
Foreign exchange translation	(1.6)	2.0
Share based payment	0.6	-
Cash flow from operating activities	**190.4**	**159.2**
Net capital expenditure[3]	**(89.6)**	**(85.1)**
Cash flow before acquisitions, disposals, interest and tax	**100.8**	**74.1**

[1] Includes EBITDA of project financed renewable assets of €40.1m (2018 - €31.3m).

[2] Includes changes in working capital of project financed renewable assets of €4.0m increase (2018 – €4.3m increase) and net expenditure from the sale and purchases of other intangibles of €10.4m outflow (2018 - €8.4m inflow).

[3] Includes capital expenditure on project financed renewable assets of €65.7m (2018 - €69.5m) and intangible asset (software and customer acquisition costs) expenditure of €16.4m (2018 - €14.2m).

Group cash flow from operating activities increased to €190.4m (2018 - €159.2m) primarily reflecting a higher decrease in working capital of €43.8m (2018 - €16.9m) and an increase in EBITDA of €18.7m from €148.4m to €167.1m, partly offset by an under-recovery of regulated entitlement of €11.1m (2018 - €4.6m) and an increase in security deposits of €7.0m (2018 - €1.8m).

Net movement in security deposits

The net movement in security deposits was a €7.0m increase (2018 – €1.8m) primarily as a result of increased collateral associated with the new I-SEM market effective 1 October 2018. As at 31 March 2019 there were €11.6m of security deposits in place (2018 - €4.6m).

Changes in working capital

Working capital decreased by €43.8m (2018 – €16.9m) primarily due to an increase in the REFIT creditor for renewable PPAs (due to higher market prices), an increase in trade and other payables (reflecting I-SEM related settlement timing differences), a decrease in trade receivables and accrued income and an increase in ROC liabilities.

Under-recovery of regulated entitlement

As noted previously the regulated businesses of Power NI and PPB under-recovered against their regulated entitlement by €11.1m (2018 – €4.6m) and at 31 March 2019 the cumulative over-recovery against regulated entitlement was €1.8m. The over-recovery of regulated entitlement reflects the phasing of tariffs.

Capital expenditure

Net capital expenditure in respect of tangible fixed assets and intangible software assets increased to €89.6m (2018 - €85.1m). The breakdown by business is as follows:

Year to 31 March	2019 €m	2018 €m
Renewables	65.7	69.5
Flexible Generation	6.4	0.7
Customer Solutions	17.5	14.9
Total Capital Expenditure	**89.6**	**85.1**

Renewables capital expenditure decreased to €65.7m (2018 - €69.5m) primarily reflecting the commissioning of wind farms, partly offset by capital expenditure in relation to the development of bioenergy assets.

Flexible Generation capital expenditure increased to €6.4m (2018 - €0.7m) primarily due to higher capital expenditure in respect of planned outages for the Huntstown plants.

Customer Solutions capital expenditure increased to €17.5m (2018 - €14.9m) primarily reflecting expenditure on I-SEM systems introduced on 1 October 2018 and the upgrade of Energia's billing system.

Other cash flows

Net interest paid

Net interest paid (excluding exceptional finance costs) decreased to €41.9m (2018 - €51.6m) primarily reflecting the reduction in interest on the Senior secured notes following the refinancing in September 2017 partly offset by increased project finance interest payments associated with higher project finance facilities in place.

Acquisition of subsidiary undertakings

Acquisition of subsidiary undertakings of €23.2m (2018 - €3.5m) reflects €1.8m cash flows on the acquisition of the Huntstown bioenergy project and the Coolberrin wind generation development project and a €21.4m payment of contingent consideration and pre-acquisition services for wind farms commissioned during the year as discussed further in note 16.

The prior year figure reflects the acquisition of the Teiges wind farm and the Giant's Park bioenergy project.

Dividends

A dividend of €33.4m (2018 - €67.8m) was paid to the parent undertaking on 2 January 2019.

Net debt

The Group's net debt is summarised in the following table:

Year to 31 March	2019 €m	2018 €m
Investments	1.5	1.5
Cash and cash equivalents	196.6	144.0
Senior secured notes	(602.0)	(596.2)
Project finance facilities	(336.0)	(294.5)
Interest accruals	(2.1)	(2.4)
Total net debt	**(742.0)**	**(747.6)**

The Group's net debt decreased by €5.6m from €747.6m at 31 March 2018 to €742.0m at 31 March 2019 primarily reflecting higher cash and cash equivalents, partly offset by higher project finance facilities. Net debt at 31 March 2019 includes project finance net debt of €304.9m (2018 - €266.5m). Excluding project financed net debt, net debt was €437.1m (2018 - €481.1m).

Defined benefit pension liability

The pension liability in the Group's defined benefit scheme under International Accounting Standard (IAS) 19 was nil at 31 March 2019 (2018 – nil).

The last actuarial valuation of the Energia Group NI Pension Scheme (EGPS), (formerly known as the Viridian Group Pension Scheme) was at 31 March 2018, the outcome of which was finalised during the year. Under the terms of the recovery plan agreed with the trustees, the Group will make good the €7.0m funding shortfall through annual deficit repair contributions of €1.45m for six years to 31 March 2024. The first deficit repair contribution made under the recovery plan was paid on 31 March 2019.

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Market Structure

Market Structure

SINGLE ELECTRICITY MARKET

The Single Electricity Market (SEM) is the wholesale electricity market for the island of Ireland. First going live on 1 November 2007 as a gross mandatory pool, the market trades wholesale electricity in Ireland and Northern Ireland on an all-island basis. New market arrangements commenced on 1 October 2018, which were designed to integrate the all-island electricity market with European electricity markets, making optimal use of cross-border interconnectors through a single marketplace and common rules. The new trading arrangements comprise a Day Ahead Market, Intra-Day Market and Balancing Market. A new auction-based capacity market was also introduced to replace the previous administrative capacity payments mechanism. The new auction-based capacity mechanism awards capacity contracts and imposes reliability penalties on the holders of capacity contracts if they do not provide the contracted capacity when market prices exceed the Reliability Option Strike Price. To allow for an immediate transition to the Capacity Remuneration Mechanism (CRM) once the I-SEM was implemented, a first transitional capacity auction was held in December 2017. This was a single auction to cover the period from go-live on 1 October 2018 to September 2019 (2018/19 capacity year). The second transitional auction for capacity year 2019/20 was held in December 2018 with the remaining transitional auctions scheduled to take place in December 2019 to cover the 2020/21 and 2021/22 capacity periods.

The SEM is jointly regulated by the CRU in the RoI and the UR in Northern Ireland. The decision-making body which governs the market is the SEM Committee (SEMC).

REPUBLIC OF IRELAND

Regulators

Overall policy responsibility for the energy sector lies with the Minister for Communications, Climate Action and Environment (the Minister). In this capacity, the Minister is advised by the Department of Communications Climate Action and Environment (DCCAE) and other statutory bodies including the CRU and the Sustainable Energy Authority of Ireland (SEAI).

The principal objective of CRU in carrying out its functions in relation to energy is to protect the interests of energy consumers, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the generation, transmission or supply of electricity and the transportation and supply of natural gas. CRU has a duty to carry out its functions in a manner which does not discriminate between market participants.

Transmission & Distribution network ownership and operation

Electricity Supply Board (ESB) is the incumbent electricity utility in the RoI and its network functions are ring-fenced from its generation and supply interests. EirGrid is the independent Transmission System Operator (TSO) and also owns the East/West Interconnector.

Renewable energy

The RoI Government has a target for 40% of electricity consumption to come from renewable sources by 2020.

The REFIT support mechanism was designed to encourage renewable generation in the RoI. Under REFIT, suppliers and renewable energy generators entered into a PPA for a minimum of 15 years. In return for entering into the PPA, the supplier receives a supplier balancing payment equal to 15% of the base REFIT tariff for large scale wind. The supplier is also entitled to compensation if the market price of electricity falls below the REFIT tariff.

The existing primary supports, REFIT 2 and REFIT 3, closed for new applications on 31 December 2015 and required projects to be built and operational by 31 December 2017. However this was extended, subject to specific criteria being met, for REFIT 2 to allow projects to be connected by 31 December 2019 and for REFIT 3 to allow projects to be operational by 30 September 2019.

In March 2019, the RoI Government confirmed that the REFIT scheme would not be further extended.

The RoI Government has proposed a new RESS which will provide support to renewable electricity projects in the RoI, subject to EU State Aid approval clearance. With a primary focus on cost effectiveness, the RESS will help deliver renewable electricity policy to 2030. The scheme design will be auction based and auctions will be held at frequent intervals throughout the lifetime of the scheme. The final scheme will be subject to the receipt of State Aid clearance from the EU Commission. The Minister announced on the 28 March 2019 that the government would set itself a target to achieve 70% of Ireland's electricity supply to be generated from renewables by 2030

NORTHERN IRELAND

Regulators

The UR and the Department for the Economy (DfE) are the principal regulators. Each is given specific powers, duties and functions under the relevant legislation.

The principal objective of both the UR and DfE in carrying out their functions in relation to electricity is to protect the interests of consumers of electricity, wherever appropriate, by promoting effective competition between those engaged in, or in commercial activities connected with, the generation, transmission or supply of electricity.

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Transmission & Distribution network ownership and operation

Northern Ireland Electricity Networks (NIEN) owns the transmission and distribution networks in Northern Ireland and System Operator for Northern Ireland is the independent TSO.

Price controls

Power NI and PPB are subject to price controls, defined in formulae set out in Power NI Energy's licence, which limit the revenues they may earn and the prices they may charge. The principles of price regulation employed in the relevant licence conditions reflect the general duties of the UR and DfE under the relevant legislation. These include having regard to the need to ensure that licensees are able to finance their authorised activities.

If the amount of revenue recovered in any one year exceeds or falls short of the amount allowed by the relevant price control formula, a correction factor operates in the following year to give back any surplus with interest, or to recover any deficit with interest, as appropriate. A surplus is referred to as an over-recovery and a deficit as an under-recovery.

Renewable energy

The Northern Ireland Assembly has a target of sourcing 40% of Northern Ireland's electricity from renewable sources by 2020, as reflected in the Strategic Energy Framework 2010-2020.

The United Kingdom (UK) Renewable Obligation (RO) scheme applies in Northern Ireland. The RO scheme is designed to incentivise the generation of electricity from renewable sources. The scheme places an obligation on suppliers to source a portion of their electricity from renewable sources. Under the RO scheme, eligible renewable generators receive ROCs for each MWh of electricity generated. ROCs are freely tradeable and can be sold to suppliers in order to fulfil their obligation. Suppliers can either present ROCs to cover their obligation or pay a buy-out fee for any shortfall. All proceeds from buy-out fees are recycled to the holders of ROCs.

The Renewable Obligation Closure Order (Northern Ireland) 2016 came into effect on 17 March 2016. This legislation closed the Northern Ireland Renewable Obligation (NIRO) to new large (above 5MW) onshore wind generating stations from 1 April 2016. The NIRO Closure Order 2016 introduced various grace periods for stations to enable them to qualify for ROCs notwithstanding that they would otherwise be affected by the early closure. If grace period conditions are met generating capacity could gain accreditation

under the NIRO between 1 April 2016 and 31 December 2018. Similar legislation came into force for small scale onshore wind generating capacity on 29 June 2016.

ROC benefit rights will be grandfathered to projects that accredit under the NIRO following its closure. Generation accrediting under the NIRO will receive full support under the RO until 2037. From 2027 fixed price certificates will be issued, in place of ROCs, to projects qualifying for RO support until the end of the RO mechanism in 2037. Fixed price certificates will be set at the 2027 buyout price, plus 10% and will be inflation linked.

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Risk Management and Principal Risks and Uncertainties

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Risk Management and Principal Risks and Uncertainties

The Group operates a structured and disciplined approach to the management of risk. Its approach is to conduct business in a manner which balances costs and risks while taking account of all its stakeholders and protecting the Group's performance and reputation by prudently managing the risks inherent in the businesses. Management regularly identifies and considers the risks to which the businesses are exposed. Management's assessment of the key risks and the associated controls and actions required to mitigate these risks are recorded in business risk registers. Each risk is regularly assessed for the severity of its impact on the business and for the effectiveness of the controls in place. The risk environment is reviewed continually in order to identify new or emerging potential risks.

The Group's Audit Committee, which meets quarterly, plays a key role in internal control and risk management. The Audit Committee monitors the Group's financial reporting processes and the effectiveness of the internal control and risk management systems; reviews and appraises the activities of the internal and external auditors; and provides an open channel of communication among the internal and external auditors, senior management and the Board.

The Group's Risk Management Committee (RMC) comprises a number of senior managers from across the Group and meets bi-monthly to oversee the management of risks and ensure that adequate and timely action is taken to mitigate and manage risk. The RMC reviews individual business and functional risk registers and reports to the Audit Committee on a quarterly basis.

The emphasis on sound management structures and policies and procedures is backed up by operational and financial review mechanisms and an externally resourced internal audit function.

The Director acknowledges that they have responsibility for the Group's systems of internal control and risk management and monitoring their effectiveness. The purpose of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives, to provide reasonable assurance as to the quality of management information and to maintain proper control over the income, expenditure, assets and liabilities of the Group. No system of control can, however, provide absolute assurance against material misstatement or loss.

Accordingly, the Director has regard to those specific controls, which in their judgement, are appropriate to the Group's business given the relative costs and benefits of implementing them.

The principal risks and uncertainties that affect the Group are described below but are not intended to be an exhaustive analysis of all the risks that may arise in the ordinary course of business or otherwise.

Competition in generation and supply of electricity

There is a risk that increased competition in generation and supply will reduce margins. Under the I-SEM there are multiple opportunities to trade electricity. Most electricity is traded through a day ahead market where a single day ahead price for each hour, determined by the day ahead price coupling solution used across Europe, is received by all generators with a market position. Capacity payments are quantity-based in the form of "reliability options" and issued through a competitive auction process. The commissioning of new generating capacity may reduce the SMP and may lead to increased competition in the capacity auction process resulting in lower capacity payments, subject to the impact of plant retirements and overall levels of demand.

The first transitional auction was held in December 2017 and covers the 2018/19 capacity year. The outcome of the first transitional auction confirmed that Huntstown 1 had been awarded a reliability option contract but Huntstown 2 had not been awarded such a contract. Following an extensive period of negotiation, the Group reached agreement with EirGrid and CRU and entered into LRSAs for the Huntstown plants. The four year LRSAs ensure that the Huntstown plants continue to be available to meet security of supply in the Dublin area whilst providing sufficient remuneration to the plants for services being provided in the SEM market.

The second transitional auction was held in December 2018 and covers the 2019/20 capacity year. The outcome of this auction confirmed that both Huntstown plants had been awarded reliability option contracts.

The first T-4 capacity auction covering the 2022/23 capacity year was held in March 2019. The outcome of this auction confirmed that Huntstown 2 had been awarded a reliability option contract but Huntstown 1 had not been awarded such a contract. The 2022/23 capacity year period commences on 1 October 2022 following expiry of the LRSAs. As a matter of priority the Group considering its options regarding the longer term sustainability of the Huntstown plants.

The main competitors in the electricity supply markets in Northern Ireland are SSE Airtricity, Electric Ireland, Budget Energy and Go Power. The main competitors in the electricity supply markets in the RoI are Electric Ireland, Bord Gáis Energy, SSE Airtricity and PrePay Power. Certain of the Group's competitors may be able to offer lower prices or incentives that may attract customers away from the Group thereby reducing its market share, which in turn, may have a material adverse effect on margins achieved.

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Wholesale electricity price

All electricity (with limited exceptions) bought and sold across the island of Ireland is traded through the SEM. The Group manages wholesale electricity price risk as follows:

- Gas price exposure is hedged when fixed price customer contracts are signed. Energia also has the ability to hedge against the electricity demand of fixed price contract customers through its contracted wind capacity and a range of market sources of capacity such as Contract for Differences (CfDs) with other market participants and purchases of power over the interconnectors. In some of Energia's customer contracts, the electricity price payable by the customer varies according to the price of gas;

- Power NI's price control, in relation to its regulated residential customers, allows it to pass through the costs of wholesale electricity subject to compliance with its economic purchasing obligation, which it discharges by hedging wholesale electricity prices in line with policies agreed with the UR. In relation to its deregulated non-residential customers, Power NI has the ability to hedge against the electricity demand of fixed price contract customers through market sources of capacity such as CfDs with other market participants and offers variable price contract customers tariffs which are partly or fully indexed to pool price; and

- PPB is entitled to receive additional revenues from PSO charges to the extent that the revenue it receives from the SEM capacity and energy markets, CfDs and ancillary services is insufficient to cover its regulated entitlement.

The new market trading arrangements, which comprise a Day Ahead Market, Intra-Day Market and Balancing Market, commenced on 1 October 2018 and are still in their infancy. The Group's energy purchase and supply businesses remain exposed to energy and capacity price resettlement risks. The market operator has not yet resettled these markets since commencement of the market on 1 October 2018 and therefore the Group is exposed to potential price resettlements in the balancing market. There is a risk that the impact of resettlement of the balancing market prices for the six month period from 1 October 2018 to 31 March 2019 could result in a material difference to the revenues and energy costs recorded in the financial statements for this period. The Group estimates the level of resettlement that will be applied. These estimates are based on known market anomalies as extensively discussed in industry forums and facts and circumstances known at the Balance Sheet date. Estimations are dependent on the resettlement approach taken by the market operator.

Huntstown plant and owned wind farm availability

Energia Group runs the risk of interruptions to the availability of Huntstown 1 and 2 and its owned wind farms.

For the Huntstown plants, this risk is managed by having long term maintenance agreements in place with the plants' original manufacturers, Siemens and Mitsubishi. Energia Group operates the plants to the manufacturers' guidelines within a suite of International Organization for Standardization (ISO) approved operation, maintenance and safety policies and procedures. The plant designs incorporate industry accepted levels of redundancy for critical plant components and there is regular testing of back up services and standby equipment.

The availability of owned wind farm assets is managed through maintenance contracts with the original turbine manufacturers and third parties.

Health and safety

The Group is committed to ensuring a safe working environment. The risks arising from inadequate management of health and safety matters are the exposure of employees, contractors and third parties to the risk of injury, potential liability and/or loss of reputation. These risks are closely managed by the Group through the employment of a Health and Safety Manager, the use of the services of an external health and safety advisor, the promotion of a strong health and safety culture, training for all staff and well defined health, safety and environmental policies. There is a strong focus on the audit of work sites and the reporting and reviewing of near miss incidents. The Group's approach to health and safety issues is described more fully in the CSR Report.

In August 2018 the National Standards Authority of Ireland (NSAI) certified the Group to ISO 45001:2018 Occupational Health and Safety Management Standard and ISO 14001:2015 Environmental Management Standard.

Regulation and legislation

The markets in which the Group operates are subject to regulatory and legislative intervention at both domestic and EU level.

Energia Group is exposed to the impact of regulatory decisions as well as changes in legislation which impact its generation and supply activities. Through its senior management, Energia Group maintains regular interaction with the UR, CRU, the SEMC, DfE and DCCAE. A pro-active approach is taken to the RAs' consultations on all SEM and I-SEM related matters.

The Governments of Northern Ireland and the RoI charged the SEMC with responsibility for revising the SEM, through the creation of the new market arrangements with effect from 1 October 2018, so that trading arrangements for the island of Ireland are compliant with EU requirements. The introduction of the new market arrangements affected the major revenue streams of all thermal and renewable generators selling into the market. Furthermore the CRM

now operates through capacity auctions which award reliability options to successful bidders at the market clearing price. In addition, the Huntstown plants could be required to generate to relieve constraints and therefore participate in the balancing market. The market places restrictions on the costs generation plants can take into account when setting their bids in the balancing market.

The new market arrangements create risks to revenues from generation activities. As noted above the Group has secured four year LRSAs for both Huntstown plants which provide clarity on the capacity income the plants can earn until expiry of these agreements on 30 September 2022. There is a potential risk that the European Commission's decision to approve state aid for the Irish capacity market could be subject to similar challenge in the future similar to that against the UK capacity market which is currently ongoing.

Furthermore, as also noted above, the outcome of the first T-4 capacity auction covering the 2022/23 capacity year resulted in Huntstown 2 being awarded a reliability option contract but Huntstown 1 not being awarded such a contract. While it is considering its options regarding the longer term sustainability of the Huntstown plants, the Group is currently uncertain as to what level of capacity revenues the Huntstown plants will earn from 1 October 2022.

In addition, the change to the new market arrangement required renewable PPA counterparties to agree contractual amendments to enable PPAs to continue to operate. While negotiations with a limited number of counterparties are not yet concluded there is a risk that a reduction in capacity income and contractual amendments to the PPAs could have an adverse effect on the Group's businesses.

Power NI and PPB are exposed to regulatory risk in respect of their price controls. The Group's approach to price control reviews is to be pro-active in promoting arrangements that will lead to an agreed outcome. This includes adherence to relevant precedent and best practice. There is regular reporting to the UR and DfE on a wide range of financial and other regulatory matters including licence compliance. PPB is also exposed to regulatory decisions in respect of its contracted generation capacity which could impact its business activities. Regulatory relationships are managed by senior management through frequent meetings, informal dialogue and formal correspondence.

Brexit

On 23 June 2016 the UK electorate voted to leave the EU, and on 29 March 2017, the UK Government formally notified the EU of its intention to leave by 29 March 2019 thereby commencing negotiations on the terms of its exit. While a draft Withdrawal Agreement has been negotiated with the EU, UK parliament rejected the proposed agreement and the UK Government requested an extension to the deadline to leave the EU. The EU has agreed to extend the deadline until 31 October 2019 but the UK can still leave before that date should Parliament approve the Withdrawal Agreement. Exit from the EU will have wide consequences for the UK and therefore Northern Ireland. However the RAs in Northern Ireland and the RoI and both

governments have reaffirmed their commitment to the SEM market. The Group will continue to monitor and manage emerging Brexit related risks in the months ahead.

Development of wind farm and bioenergy assets

Through the development of wind farm and bioenergy assets, the Group is exposed to various risks including technical, commercial, contractor, planning, financing and economic risks. Such risks could delay the construction of wind farm and bioenergy projects or the commencement of commercial operations or adversely impact operational efficiency. In addition, the Group is exposed to regulatory risks surrounding the accreditation of its in-construction bioenergy plant in Ireland under the REFIT scheme. Experienced senior staff operate appropriate project management controls to manage the project risks with appropriate management reporting up to the Board.

Business continuity

The Group has measures in place to manage the risk that one or more of its businesses sustains a greater than necessary financial impact through inability to carry on its operations either for a short or prolonged period. Energia Group has business interruption insurance in place for both Huntstown 1 and 2 and the owned wind farm assets. There is an IT disaster recovery plan which covers the whole Group and centrally co-ordinated Business Continuity Plans are in place covering the various locations where each business operates.

Outsourcing

The Group outsources a range of important ICT from Capita Managed IT Solutions Limited (Capita). Voice and data telecoms services are provided by Eir through a contract managed by Capita. There is a risk of disruption to the Group if there are service delivery failures. Comprehensive business continuity and disaster recovery plans are maintained to manage this risk. During the year the Group continued with its exercise to re-procure this range of ICT and telecoms services under a new managed service contract. In January 2019 the Group announced that Capita (with BT as voice and data telecoms provider) had been selected as preferred bidder and a new Managed Service contract was awarded in April 2019. The Group and Capita, with BT, have commenced a period of transition and the new services will be effective from 1 October 2019.

Social, environmental and ethical factors

The Group has in place measures to protect against financial and reputational risk from any failure to manage social, environmental and ethical (SEE) factors. In general, SEE factors are managed through embedding CSR into the Group's management processes and core business activities. Environmental risk, in particular, is managed through: business risk registers; environmental action plans; certified environmental management systems; and identification of potential environmental exposures.

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Taxation

The Group manages its tax affairs so as to maintain its reputation as a well-run, open and compliant business. The Group pays taxes primarily in the UK and the RoI (the jurisdictions in which it has trading operations). Good relationships are maintained with HM Revenue & Customs (HMRC) and the Irish Revenue Commissioners based on trust and co-operation. The Group's appetite for tax risk is low and its policy is to manage its tax liabilities in an efficient manner and in compliance with relevant legislation and guidance. During the year the Group updated it tax strategy and the Board approved this to satisfy its obligations under paragraph 16(2) Schedule 19 of the UK Finance Act 2016. A copy of the Group's tax strategy is publically available on the homepage of the Group's website.

The Group has a zero tolerance approach to tax evasion and specifically the facilitation of tax evasion and during the year completed a review of its compliance with the UK Criminal Finances Act 2017.

Pensions

The EGPS has two sections: a money purchase section and a defined benefit section. The defined benefit section is closed to new entrants and at 31 March 2019 there were 73 members comprising 35 active members and 38 pensioners. There is also a money purchase arrangement for employees in the RoI known as 'Choices'. Most employees of the Group are members of EGPS or Choices. While the trustees seek the advice of professional investment managers regarding the scheme's investments, there is a risk that the cost of funding the defined benefit section could increase if investment returns are lower than expected, mortality rates improve or salary or benefit increases are higher than expected.

IT security and data protection

Failure to maintain adequate IT security measures could lead to the loss of data through malicious attack on the Group's IT systems or employee negligence. Loss of Group or customer data could damage the Group's reputation, adversely impact operational performance or lead to a loss of income. The Group employs a dedicated IT Security Manager and a Data Protection Officer. In addition the Group has an IT Security Forum and a Data Protection Forum which both comprise of the IT Security Manager, Data Protection Officer and a number of relevant operational managers from across the Group. These forums meet bi-monthly and report to the RMC. Through the forums, the Group actively promotes awareness of IT security and data protection and targeted controls and procedures are in place to mitigate the risks including the use of the services of external IT security and data protection advisors. During the year, the Group continued with its preparations for the introduction of the EU General Data Protection Regulation (GDPR) which came into force on 25 May 2018.

Financial control

Strong financial and business controls are necessary to ensure the integrity and reliability of financial and other information on which the Group relies for day-to-day operations, external reporting and for longer term planning. The Group exercises financial and business control through a combination of: appropriately qualified and experienced personnel; rigorous business planning processes; detailed performance analysis; an integrated accounting system; and clearly defined approval limits. The internal auditors test the effectiveness of financial and business controls. Investment decisions are accompanied by detailed analysis, both short and long term, of the markets and opportunities in which the Group operates or is considering investing in.

Treasury risks

The Group's treasury function manages liquidity, funding, investment and the Group's financial risk, including risk from volatility in currency, interest rates, commodity prices and counterparty credit risk. The treasury function's objective is to manage risk at optimum cost in line with Group policies and procedures approved by the Board. The treasury function employs a continuous forecasting and monitoring process to manage risk and to ensure that the Group complies with its financial and operating covenants.

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An analysis of the Group's net debt is as follows:

Year to 31 March	2019 €m	2018 €m
Investments	1.5	1.5
Cash and cash equivalents	165.4	115.6
Senior secured notes €350m (2025)	(344.7)	(344.0)
Senior secured notes £225m (2024)	(257.3)	(252.2)
Interest accruals – Senior secured notes	(1.2)	(1.2)
Other interest accruals	(0.8)	(0.8)
Net debt excluding project finance facilities	**(437.1)**	**(481.1)**
Project finance cash	31.2	28.4
Project finance bank facility (RoI)	(112.0)	(120.6)
Project finance bank facility (NI)	(224.0)	(173.9)
Project finance interest accruals	(0.1)	(0.4)
Pro-forma net debt	**(742.0)**	**(747.6)**

The maturity profile of the Group's loans and borrowings at 31 March 2019 is as follows:

Facility	€m	Maturity
Senior secured notes €350m	(344.7)	September 2025
Senior secured notes £225m	(257.3)	September 2024
Senior revolving credit facility	-	September 2023
Project finance facilities	(336.0)	2027-2035
Interest accruals – Senior secured notes	(1.2)	
Other interest accruals	(0.8)	
Net debt excluding project finance facilities	(437.1)	
Project finance interest accruals	(0.1)	
	(940.1)	

Maturity analysis of loans and other borrowings is:

Facility	2019 €m	2018 €m
In one year or less or on demand	(25.1)	(21.4)
In more than one year but less than two years	(17.5)	(14.5)
In more than two years but less than five years	(59.0)	(48.3)
In more than five years	(838.5)	(808.9)
	(940.1)	**(893.1)**

Project finance bank facilities

During the year non-recourse project finance facilities of up to €28.9m (including working capital) were put in place in respect of combined capacity of 18MW for wind farms under construction in Northern Ireland. Non-recourse project finance facilities of up to €44.0m were put in place in April 2019 (including a term loan of €38.6m, working capital facility of €0.6m, debt service reserve facility of €2.8m and letters of credit facility of €2.0m) in respect of the 4.0MW Huntstown bioenergy plant. The Group expects to put in place project finance facilities for its other development bioenergy and windfarm projects going forward.

Analysis of undrawn committed project finance bank facilities:

At 31 March	2019 €m	2018 €m
Project finance bank facilities	384.4	352.9
Draw down	(384.4)	(324.8)
Undrawn committed project finance facilities	-	**28.1**

All of the above amounts exclude project finance facilities in relation to working capital

Liquidity and capital resources

The Group is financed through a combination of retained earnings, medium term bond issuance and both medium term and long term bank facilities. A summary of the Group's net debt is set out above and in note 29. Liquidity, including short term working capital requirements, is managed through committed Senior revolving credit bank facilities together with available cash resources. The Group continues to keep its capital structure under review and may from time to time undertake certain transactions such as financing transactions, acquisitions and disposals which affect its capital structure. The Group may also from time to time repurchase its Senior secured notes, whether through tender offers, open market purchases, private purchases or otherwise.

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In September 2017, the Group completed a full refinancing with the issuance of a new €350.0m Euro denominated 8 year 4.0% Senior secured note due in September 2025 and a new £225.0m Sterling denominated 7 year 4.75% Senior secured note due in September 2024. At the same time the Group also put in place a new £225.0m Senior revolving credit facility maturing in September 2023 which can be used for both letters of credit and working capital purposes.

The Group can have significant movements in its liquidity position due to working capital variations such as the movements in commodity prices, the seasonal nature of the business and regulatory under-recoveries. Short term liquidity is reviewed daily by the treasury function and Group cash forecasts, covering a rolling two year period, are reviewed monthly. This monitoring includes reviewing the minimum EBITDA covenant, required to be reported quarterly under the Senior revolving credit facility, to ensure sufficient headroom is maintained. The project financed facilities have one main covenant, a debt service cover ratio, which measures available cash against the debt service requirements on an historic annual basis.

At 31 March 2019, the Group had letters of credit issued out of the Senior revolving credit facility of €179.7m resulting in undrawn committed facilities of €81.4m (2018 - €124.6m). There were no cash drawings under the Senior revolving credit facility at 31 March 2019 (2018 - €nil).

During the year the Group has met all required financial covenants in the Senior revolving credit facility and project finance facilities.

At 31 March 2019, there was €31.2m (2018 - €28.4m) of restricted cash in the project financed wind farms which is subject to bi-annual distribution debt service requirements.

Interest rate risk

The majority of the Group's borrowings bear interest at fixed rates with its €350.0m Euro denominated Senior secured notes bearing interest at a fixed rate coupon of 4.0% and its £225.0m Sterling denominated Senior secured notes bearing interest at a fixed rate coupon of 4.75%.

The Group's only exposure to interest rate risk is in respect of drawings on the Senior revolving credit facility, which was undrawn at 31 March 2019 and 31 March 2018 and to a minor portion of its project financed facilities which are based on Libor / Euribor rates but which are largely fixed through the use of interest rate swaps. As a result, at 31 March 2019, 95.8% of the Group's total borrowings were on a fixed rate basis and therefore not subject to any interest rate risk.

At 31 March	**2019 €m**	2018 €m
Loans and other borrowings fixed/floating analysis:		
Fixed rate debt	(899.7)	(856.8)
Variable rate debt	(40.4)	(36.3)
	(940.1)	**(893.1)**

The estimated fair value of the Group's interest rate derivative financial instruments is disclosed in note 26 to the accounts.

Foreign currency risk

Following the refinancing of the Senior secured notes in September 2017, the Group's debt is relatively evenly split between Euro and Sterling. The Group has not designated a hedging relationship between the Euro-denominated assets on the Group's balance sheet and the Group's Euro borrowings.

At 31 March	**2019 €m**	2018 €m
Loans and other borrowings currency analysis:		
Euro	(457.7)	(427.1)
Sterling	(482.4)	(466.0)
	(940.1)	**(893.1)**

Energia receives income and incurs expenditure in Euro. Energia is also exposed to currency movements in respect of its gas and some of its power purchases denominated in Sterling. The Group's policy is to identify foreign exchange exposures with a value equivalent to or greater than €0.6m with the percentage level of hedging dependent on the specific project. Exchange rate exposures are identified, monitored and hedged through the use of financial instruments (mainly forward currency contracts and swap arrangements).

Power NI is exposed to currency movements in respect of its Euro-denominated CfDs with ESB Power Generation. These exposures are hedged in accordance with a policy agreed with the UR.

The estimated fair value of the Group's foreign currency derivative financial instruments is disclosed in note 26 to the accounts.

Commodity risk

Energia employs commodity swaps to hedge gas price exposures and forward purchase contracts to hedge its shortfall of carbon dioxide (CO_2) emission allowances. Energia's policy is to hedge its exposure to changes in the price of gas and CO_2 emission allowances in line with retail electricity sales contracts.

Power NI employs commodity swaps to hedge gas price exposures. Power NI's policy is to hedge its exposure to changes in the price of gas relative to retail electricity sales contracts.

PPB is exposed to commodity price fluctuations in respect of its generation contracts. These exposures are hedged through the use of commodity swaps and forward purchase contracts in accordance with a policy agreed with the UR.

Energia, Power NI and PPB enter into SEM and I-SEM CfDs to manage their exposure to pool price volatility.

The estimated fair value of the Group's commodity derivative financial instruments is disclosed in note 26 to the accounts.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. Provisions are made based on previous experience and identifiable events which indicate a reduction in the recoverability of cash flows. Energia and Power NI are not exposed to major concentrations of credit risk in respect of their trade receivables, with exposure spread over a large number of customers. Energia takes out credit insurance in respect of certain trade receivables. Energia and PPB also receive security from certain suppliers in the form of letters of credit, parent company guarantees or cash collateral.

The Group may be exposed to credit-related loss in the event of non-performance by bank counterparties. The Group manages this credit risk by establishing and monitoring counterparty exposure limits which are adjusted and tightened when necessary. The Group actively manages its banking exposures on a daily basis and cash deposits are placed for periods not exceeding six months to provide maximum flexibility. During the year the Group did not suffer any bank counterparty exposure loss.

Going concern

The Group's business activities, together with principal risks and uncertainties likely to affect its future performance are described in the preceding paragraphs.

The Group's forecasts and projections, taking into account possible changes in trading performance, show that the Group will have adequate financial resources to enable it to continue to trade for the foreseeable future. Accordingly, the Director continues to adopt the going concern basis in preparing the annual report and accounts.

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Corporate Social Responsibility Report

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Corporate Social Responsibility Report

The Group is committed to operating in a socially, environmentally and ethically responsible manner. It aims to be recognised as transparent and ethical in its dealings and to make a positive contribution to the communities in which it operates by helping to address climate change and empower its people to support community activities and initiatives.

The Group recognises the importance of engaging with a wide range of stakeholders including: its shareholders; customers; employees; the wider community; those tasked with protecting the environment; and suppliers. It does this through many channels including working closely with: industry regulators; consumer representative groups; various environmental bodies; various health and safety bodies; trade unions; business representatives; elected representatives and politicians; contractors; and landlords.

In line with its values of being trustworthy, dynamic, resourceful and community focused, the Group has defined a number of principal CSR themes and priorities relevant to the management of SEE-related risks that may impact upon the short and long term value of the Group. These are classified below under the headings of Workplace, Environment, Marketplace and Community.

Workplace

The Group had 795 employees at 31 March 2019 (2018 – 702) with 153 employed in the RoI (2018 – 123) and 642 employed in Northern Ireland (2018 – 579).

Health and safety

A CSR priority for the Group is to ensure the safety of employees, contractors and the general public through the promotion of a positive health and safety culture and adherence to legislation and recognised safety standards. The Group's health, safety and environmental policy aims to promote high standards and is supported by specific safety principles, rules, policies and procedures. Contractors must adhere to the same safety rules and requirements as employees.

The Group's health, safety and environmental management system is certified to internationally recognised standards which set out the requirements for occupational health and safety management best practice. In June 2018 NSAI certified the Group to ISO 45001:2018 Occupational Health and Safety Management Standard. The Group's approach to employment-related performance, such as safety and sickness absence, is to set targets in line with best practice. The Group regularly engages with relevant organisations including

Huntstown bioenergy plant under construction

the Health and Safety Executive for Northern Ireland as well as the Health and Safety Authority in the RoI. The Group employs a dedicated internal health and safety professional and retains the services of an external health and safety consultant who both provide advice and recommendations to management on a range of health and safety matters. An external audit is carried out on every part of the organisation at least once a year.

Excluding third party contractors there were no reportable incidents or lost time incidents during the year (2018 – nil). Including third party contractors there were three reportable incidents or lost time incidents during the year (2018 – three). Formal processes for incident investigation and analysis are in place.

KPI	**2019 Number**	2018 Number
LTIR (per 100 employees, excluding third party contractors)	-	-

Huntstown 1 and 2 continue to be accredited to OHSAS 18001:2007 for their occupational health and safety management systems.

Employment

The Group is committed to a working environment: in which personal and employment rights are upheld; which ensures equality of opportunity for all employees and job applicants; and which enables employees to realise their maximum potential and to be appropriately challenged and fully engaged in the business, with opportunities for personal development.

Equal opportunities

The Group is pro-active in implementing human resource policies and procedures to ensure compliance with fair employment, sex discrimination, equal pay, disability discrimination, race discrimination, sexual orientation and age discrimination legislation. The Group's equal opportunities policy commits it to providing equality of opportunity for all employees and job applicants and it regularly monitors its actions to promote compliance with legislation and to ensure that it provides equality of opportunity in all its employment practices. Equal opportunity measures and statistics in respect of the relevant employing entities are reported formally to the Equality Commission for Northern Ireland.

Disability

It is Group policy to provide people with disabilities equal opportunities for employment, training and career development, having regard to aptitude and ability. Any member of staff who becomes disabled during employment is given assistance and re-training where possible.

Dignity at Work

The Dignity at Work policy and procedures underline the Group's commitment to equality and dignity at work for all, and ensure an environment free from bullying and harassment.

Remuneration

The Group operates fair and visible remuneration policies which are externally benchmarked to ensure that employees are paid an appropriate salary for the work they undertake. The Group has an effective approach to recognition and reward, based on business and individual performance. Various reward schemes are in place including bonus schemes, excellence awards, reward and recognition bonuses and skills progression arrangements. Total reward statements, detailing an individual's full remuneration package, are issued to staff annually.

Learning and development

The Group aims to align its Human Resources policies with key business drivers, which include performance improvement; cost reduction; business growth and innovation; and excellence in customer service. These policies are supported by clearly defined values and behaviours, a robust talent and performance management process, a strong commitment to employee and management development and organisational competence built upon appropriate capabilities and skills.

The Group's People Strategy ensures continuity with its strategic aims. The four

Customer solutions care team

key strategic areas are: talent management and learning and development, employee engagement, organisational effectiveness and recognition and reward.

The Group's Talent Management strategy aims to establish an integrated talent management process by ensuring an effective pipeline of leadership and scarce skills to ensure robust succession planning and protect business continuity, increase awareness of leadership and career development opportunities and accelerated development of high potential and scarce skill resources.

The Talent Management process includes a Competency Framework which identifies the key values and competencies, including behavioural indicators, and how they are expected to be demonstrated by employees at various levels within the business.

This Competency Framework underpins the annual Performance and Development Review (PDR) process, which evaluates the performance of each individual against defined and agreed targets and objectives. It also enables individuals to discuss the competencies where they show real strength and those areas that could be further developed.

Learning and development needs are also identified through the PDR process to ensure that employees have a development plan in place which is aligned to their development needs. The Group has developed a methodology to ensure greater focus on development and career discussions.

The Talent Management process also includes annual Talent Forums for each business within the Group and key functional areas across the business, to ensure that key skills

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and potential are identified in areas such as leadership, management, scarce skills, areas of specialism, etc. and that appropriate succession and development plans are in place. This also provides a consistent and transparent approach, offering a mechanism to develop employees to meet their full potential and to plan and manage their careers effectively.

As part of its commitment to develop talent, the Group has embedded several development programmes including LEAP (Future Leaders' Programme), Aspire (High Potential Programme), Evolve (First Line Manager Programme) and Ignite (Student Placement Programme). The Group has also launched a new Leadership and Management Development Programme (Elevate) aimed at senior managers and managers of teams and individuals.

These programmes are complemented by the Group's Learning and Development Calendar, which is available to all employees.

Policies

The Group has a number of formal policies in place including Employee Complaint and Grievance procedures, Code of Conduct and Disciplinary policies. The Group also has a wide range of family-friendly working arrangements including enhanced maternity and paternity provisions, adoption, parental leave, shared parental leave and dependant leave. These policies are regularly reviewed and updated on an ongoing basis.

During the year the Group updated its Code of Conduct and Disciplinary Policies to reflect changes in Data Protection Legislation and The Corporate Criminal Offences of the Failure to Prevent the Facilitation of Tax Evasion.

All policies are available to employees via the Group's intranet.

Wellbeing

The Group takes the wellbeing of its employees seriously and during 2018/19 its Wellbeing Programme included the provision of flu vaccines, employee health checks, walk a mile lunchtime challenge, personal resilience challenge and lunch & learns on various topics (including Finance 101, Mental Health and Acclimatising to Shift Work).

The Group operates a Cycle to Work Scheme and offers Private Medical Insurance to eligible employees and has a Health Cash Plan for those employees not eligible for Private Medical Insurance. The Health Cash Plan enables employees to claim money back for everyday healthcare including dental, optical and physiotherapy treatments and allows fast access to private consultations and scans.

Third party occupational health and counselling services are also available for employees if required.

Sickness absence

The Group believes that the pro-active management of illness and absenteeism is to the mutual benefit of the Group and its employees. The sickness absence rate for the Group was 3.10% (2018 – 3.41%).

Employee participation and external engagement

Employee communications occur through team briefings, communication and involvement groups (Connect Employee Engagement Forums), project groups, electronic communications and through interaction, consultation and negotiation with trade unions. Employee relations in all businesses are positive and constructive. There is a well-established arrangement for consultation and involvement throughout the Group and for negotiation with the relevant trade unions in Power NI.

The Group aims to complete Employee Engagement Surveys every two years with pulse surveys to be completed annually.

The Group engages with relevant external organisations including the Confederation of British Industry Employment Affairs Committee, the Equality Commission for Northern Ireland, the Labour Relations Agency, Business in the Community, The Prince's Trust, and the Irish Business and Employers' Confederation. The Group also maintains links with the education sector and in particular with the two universities in Northern Ireland. A total of 17 students were offered placements for the current academic year across a range of functions and departments.

Group staff are actively involved in energy policy and representative bodies in Ireland, Northern Ireland and Europe. In Ireland, staff play a very active role in the Electricity Association of Ireland (EAI) through positions on the board and by chairing a number of Working Groups. Through the EAI's membership of Eurelectric, this involvement extends to representing the EAI in Brussels on various Eurelectric Committees and Working Groups. Staff also sit on the Board of the Irish Wind Energy Association (IWEA) and participate fully in their Committee and Working Group structure, including as the chair of their Corporate PPA Working Group. As a member of Irish Business and Employers Confederation (IBEC), Ireland's largest business advocacy group, members of staff play an active role in relevant activities in both Ireland and Brussels and chair their Energy Providers Working Group.

The Group is currently working in partnership with Business in the Community to further develop its CSR.

The profile of innovation has increased through efforts to encourage staff participation which has grown significantly during the year within Power NI. Idea Drop, an idea management software programme, has been rolled out company wide and over 80% of staff have registered to use it. Power NI is also a platinum member of Catalyst which supports innovation and entrepreneurship in Northern Ireland and runs a number of programmes which Power NI staff have attended.

In PPB a member of staff was selected for the prestigious British Council's Future Leaders Connect programme, alongside 49 other emerging policy leaders from across the world. The programme consisted of intensive leadership and policy training at Cambridge University, culminating in extensive engagement with members of UK Parliament.

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Learnings will contribute to delivering the policy required for 100% renewable electricity systems.

Diversity

The Group recognises the value of a diverse workforce and looks to offer equal opportunities to everyone. The Group has an excellent gender balance, with overall 46% (2018 – 47%) of its employees, senior management and directors being female and 54% (2018 – 53%) being male.

	2019		2018	
At 31 March	**Male Number**	**Female Number**	Male Number	Female Number
Energia Group Limited Board[1]	1	-	1	-
Energia Group NI Holdings Limited Board[2]	10	1	10	1
Senior Management[3]	8	3	7	2
Other Employees	420	364	358	335

1 Directors appointed to the Board of the Company are not employed by the Group and are not included in the employee numbers shown in Note 9 to the financial statements

2 The Board of Energia Group NI Holdings Limited (EGNIHL) is the main operational Board for the Group. Non-Executive directors appointed to the Board of EGNIHL are not employed by the Group and are not included in the employee numbers shown in Note 8 to the financial statements. Three Executive directors of EGNIHL (two males and one female) are also members of the Energia Group Management Board (EGMB) and also included in the numbers for Senior Management

3 Senior Management comprises members of the EGMB and includes those senior managers who regularly attend EGMB meetings

Human Rights

Protecting human rights is important and the Group believes in the dignity and individual rights of every human being. The Group protects the rights of its employees by adopting suitable employment practices such as those described above. The Group also aims to act ethically in all its business dealings and has a zero tolerance approach to modern slavery.

Environment

The Group's Environmental Management System was certified to ISO 14001:2015 in June 2018. Environmental CSR priorities within the Group are focused on a number of key areas:

- operation of the Huntstown plants in compliance with legal and regulatory requirements;
- direct investment in, and contracting with, a range of renewable generators for the production of low carbon electricity which can be supplied to customers of the Group's retail supply businesses; and
- the promotion of energy-saving ideas to its customers through the provision of energy efficiency advice, grants and other value-added services.

Control room at the Huntstown power plant

The Group's health, safety and environmental policy commits the Group to protecting the environment and is designed to ensure compliance with all relevant legislative and regulatory requirements.

Where practical and economically viable, the Group seeks to develop standards in excess of such requirements. Areas of particular focus include the responsible management of emissions, waste and recycling, measures to protect against pollution and the promotion of energy efficiency.

The Group has established the Green Team with representation from each of its businesses. The Green Team gathers and monitors energy usage throughout the business, working with staff to help reduce energy consumption whilst promoting environmental awareness. Recent office refurbishments across the Group have included energy efficiency measures such as LED lighting upgrades with motion sensors in some areas. The Green Team will continue to roll out energy efficiency measures across the Group and make a conscious effort to reduce waste where possible.

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Flexible Generation

Huntstown 1 and 2 operate in compliance with their Industrial Emissions licences. Emissions of NO_x, SO_2 and CO are measured by onsite Continuous Emissions Monitoring Systems, CO_2 is calculated as per greenhouse gas permit requirements. Emissions for calendar year 2018 and 2017 are as set out below:

Calendar year 2018				
Tonnes	**NO_x**	**SO_2**	**CO**	**CO_2**
Huntstown 1	342	13.2	1,100.6	497,590*
Huntstown 2	355	0.30	497	545,825*

*Calculated value

Calendar year 2017				
Tonnes	**NO_x**	**SO_2**	**CO**	**CO_2**
Huntstown 1	379	14.4	1,235.5	586,567*
Huntstown 2	196	0.95	212	346,296*

*Calculated value

The emissions reflect the utilisation of the Huntstown plants and the type of load operation.

Through the operation of their respective Industrial Emissions licences, Huntstown 1 and 2 comply with the emission limits for NO_x, SO_2 and dust under the EU's Industrial Emissions Directive.

Renewables

Energia Group is a significant contributor to the sustainable energy agenda in both Northern Ireland and the RoI. Its renewable portfolio currently generates 2,100 GWh offsetting the emission of almost 683,000 tonnes of CO_2 per annum.

Customer Solutions

Energy Services teams within the Customer Solutions business oversee sustainable energy activities and consider business opportunities.

Energia

During the year, through the Energy Efficiency Obligation Scheme (EEOS) in the RoI, approved by the SEAI, Energia provided funding for non-residential energy efficiency projects of €634,287 (2017/18 - €1.09m) implementing a total of 49 projects (2017/18 – 381 projects) with estimated annual energy savings of 31.6 GWh Primary Electrical Energy (PEE) (2017/18 – 53.7 GWh PEE). This represents an estimated annual saving of 6,049 tonnes (2017/18 - 8,905 tonnes) of CO_2 savings and annual customer benefits of over €1.3m (2017/18 - €2.1m) based on an electricity unit rate of 10c/kWh and gas unit rate of 4.5c/kWh.

Meenadreen wind farm, Co. Donegal

Through the Residential EEOS in the RoI, approved by the SEAI, Energia provided funding for energy efficiency projects of €2.63m (€2.04m Residential, €0.59m Fuel Poor) (2017/18 - €2.18m) implementing a total of 8,520 projects (2017/18 – 7,118) with estimated annual energy savings of 23.74 GWh PEE (2017/18 – 16.96 GWh PEE). This represents an estimated annual savings of 4,858 tonnes (2017/18 – 3,474 tonnes) of CO_2 savings and annual customer benefits of over €1.18m (2017/18 - €0.85m).

In Northern Ireland, through the Northern Ireland Sustainable Energy Programme Scheme (NISEP) approved by the UR, in 2018/19 Energia managed a €524k (2017/18 - €849k) energy efficiency programme implementing a total of 219 projects (2017/18 – 285 projects) with estimated lifetime reductions of 157GWh (2017/18 – 303GWh) in energy demand. This represents an estimated 50,000 tonnes (2017/18 – 150,000 tonnes) of CO_2 savings and customer benefits of over €26m (2017/18 - €56m) over the lifetime of these measures.

Energia continues to pursue new and innovative services aimed at increasing awareness and offering customers energy efficiency solutions. In addition to gas boiler servicing, Energia offers customers a smart thermostat that enables control of the heating system from a smartphone, tablet or PC resulting in the ability to make real energy savings. Energia's Cosy Homes scheme offers customers a range of energy efficiency products such as roof and cavity wall insulation, boiler upgrades and solar panels via the Energy Centre.

Energia continues to run customer information programmes particularly aimed at energy efficiency for all industrial and commercial

customers. These programmes include; customer energy conferences; energy efficiency training programmes; energy awareness days and shows; energy audits and energy efficiency literature/brochures. With the use of social media becoming more prevalent and customer engagement channels broadening, Energia is increasingly using these channels to run competitions and make customer offers. Along with these programmes, Energia offers energy efficiency grants through the Cash for Kilowatts scheme and has recently launched an Upgrade and Save scheme which allows Energia customers to upgrade their lighting and repay the capital costs through their energy bills.

Power NI

During the year Power NI managed a €700k (2018 - €2.0m) energy efficiency programme aimed at reducing CO_2 emissions and alleviating fuel poverty in Northern Ireland. Funded by the NISEP, a total of 4 energy efficiency schemes (2018 – 7 schemes) were implemented with estimated lifetime reductions of 91 GWh (2018 – 220 GWh) in energy demand. This represents an estimated 42,000 tonnes of CO_2 savings (2018 – 140,000 tonnes) and customer benefits in excess of €10m (2018 – €29m) over the lifetime of these measures. Over 7,000 customers (2018 – 7,500 customers) use 'EcoEnergy', Power NI's 'green' electricity tariff.

Power NI continues to offer a renewable microgeneration tariff which offers customer rewards for the value of ROCs and electricity generated and exported to the network. Over 12,200 sites, use this service and Power NI acts as an Ofgem Agent on behalf of more than 9,500 sites.

The 'Products and Services' section of Power NI's website www.powerni.co.uk provides a wide range of information and advice on energy efficiency and renewable energy. An online Home Energy Check (HEC) was launched on the Power NI website in October 2016 and gives customers an indicative energy rating for their home and, at the end of March, over 800 customers (2018 – 400) had completed the HEC.

An online billing service is also available from the Power NI website. The service, called Energy Online has 116,067 (2018 – 102,388) residential and commercial customers registered to view their bills, submit their meter readings and view their electricity consumption online.

During the year an electric vehicle charger was installed at Power NI's site in Antrim thereby completing the installation of electric vehicle chargers for staff use at all of Power NI's sites across Northern Ireland.

A number of innovative project teams have been established to drive forward key projects within Power NI to include residential and commercial electric vehicle propositions, residential demand side management working with a number of key partners and Powerbot which aims to make electricity meters semi smart.

Energia's Cash for Kilowatts scheme

Marketplace

A CSR priority is to maintain a highly ethical approach to regulatory responsibilities, obligations under licences, public positioning and marketing of products and services. The Group aims to be transparent and ethical in all its dealings with third parties and has a number of policies in place to underpin this objective. Policies include anti-corruption and bribery, anti-slavery and human trafficking, Code of Conduct and 'whistleblowing' procedures as well as the Group's corporate governance arrangements.

The Group's procurement policy is to source equipment, goods and services from a wide range of suppliers throughout the EU and beyond in accordance with commercial practices based on fairness and transparency. The Group's UK businesses are committed to ensuring transparency in their approach to tackling modern slavery consistent with the Modern Slavery Act 2015.

Where applicable the Group adheres to the required tender procedures of the EU Procurement Directive as it relates to Utilities. The Group recognises the important role that suppliers play in its business, and works to ensure that payments are made to them in accordance with agreed contractual terms. During the year the Group's Northern Ireland operations for Energia and Power NI commenced reporting on payment practices and performance in line with the requirements of the UK Government's Small Business, Enterprise and Employment Act 2015.

As a major purchaser, the Group recognises that it has an opportunity to encourage suppliers of materials and services to deliver good environmental and safety performance and to maintain responsible practices towards their employees and the communities in which they operate.

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Community

Through its mainstream business activities and its community involvement policy, the Group seeks to make a positive impact on the communities in which it operates.

Energia operates several Community Benefit Funds around wind farm sites on the island. All of the wind farms in Northern Ireland are operating a Community Benefit Fund with the Cornavarrow / Slieveglass scheme added this year. These are managed by the Community Foundation for Northern Ireland with the exception of the Teiges and Cornavarrow schemes which are managed by the Fermanagh Trust. The Meenadreen wind farm in County Donegal is managed by the Community Foundation of Ireland. These schemes take the community needs into consideration and are monitored and adjusted where needs are seen to have changed. During the year, over €580,000 was available in grants from Energia through Community Benefit Funds across the island of Ireland.

In addition to this, Energia has donated another €158,750 to initiatives including Grow It Yourself, Seachtain na Gaeilge, Christmassy Homes and donations to local charities.

As noted above Energia provided funding for energy efficiency projects through the residential EEOS in the RoI. As part of this funding Energia provided almost €150,000 towards SEAI's Better Energy Communities programme. This programme focuses on utilising government funds and contributions from energy companies to carry out energy efficiency retrofits in communities across Ireland. Works are carried out in two main categories: community groups and residential dwellings and homes suffering from energy poverty. Retrofit measures include attic and cavity wall insulation, installation of energy efficient boilers and solar thermal and solar PV systems. These measures will result in CO_2 savings of around 280 tonnes per annum.

Power NI offers a 'For Your Benefit' service for its customers which includes a benefit entitlement check, budgeting and energy advice for particularly vulnerable customers. In the year 134 (2018 – 130) customers availed themselves of the service.

Power NI also offers a number of services to its customers that are promoted through its codes of practice (produced in several different languages) and through various advice providers, including Citizens Advice Bureau and Advice NI.

Power NI aims to assist its customers with special needs through a number of these services. Over 2,400 customers (2018 – 2,400 customers) with special requirements benefit from a range of services through Power NI's special needs register.

The Group recognises the social dimension of debt prevention and management and Power NI continues to offer a wide range of payment options and debt prevention measures. Approximately 157,665 residential customers (2018 – 157,090) use 'Keypad' meters. These

pay-as-you-go meters enable customers to budget for their electricity payments, while Power NI offer a 2.5% discount off the standard price of electricity and provide user-friendly credit and consumption information.

Power NI engages with a wide range of organisations in the voluntary, public and private sectors focusing on social action and energy saving. Within the last year Power NI continued to work in partnership with Age NI in order to help improve older peoples' lives. Social media was used to provide practical information to older people, their carers and families and energy clinics ran in Age NI shops to provide advice on energy efficiency and relevant grants such as NISEP.

Sponsorship and charitable donations

Each year each of Energia and Power NI choose a charity as the focus of their fundraising activities although the Group also supports various local good causes nominated by staff. Energia also partially matches its staff's own fundraising.

In addition to sponsorship of organisations of €1,077,000 (2018 - €521,000), the Group's donations to charities in the year were €33,000 (2018 - €17,000). There were no contributions for political purposes.

The Group seeks to support charities which its people, customers and suppliers can relate to, and where it can make a difference by raising public awareness as well as money.

Energia sponsored Inner City Helping Homeless in Dublin who partnered with the SOS bus in Belfast. Several activities were organised and the highlights were the 'Fill a LUAS tram' with gift boxes in Connolly Station, Dublin and the annual 'City Centre Sleep Out' in Belfast. Energia staff and customers donated shoe boxes worth €2,000 to the 'Fill a LUAS' campaign. These events helped raise awareness to the plight of the homeless and needy in the city.

Energia staff contributed over €14,000 to its chosen charities through these activities and other events, such as quizzes, bake offs, competitions and ice cream sales during the hot summer months.

This year Power NI has chosen to sponsor Chest, Heart and Stroke.

Power NI has raised around €5,000 for Chest, Heart and Stroke through various fundraising activities such as raffles, coffee mornings, a quiz night, a weekly bonus ball draw and a marathon.

In April 2018 Power NI launched its Brighter Communities programme. Each month it awards a €1,160 grant to a community group or club to help them roll out a creative project and improve their local community. Since its launch, Power NI Brighter Communities has helped 16 community groups across Northern Ireland, donating a total of around €19,000. North West Wolves Wheelchair Basketball club, the Abbey Taekwondo club, Via Wings and Everyday Harmony are among some of the worthy recipients.

Power NI also operates a 'Helping Hands in the Community' Scheme which is available for all employees to obtain support for an organisation/ charity that they are involved with. Some of the organisations supported during the year include Sandy Row Football club, Brookfield Special School and Straid Fishery.

North West Wolves Wheelchair Basketball Team

Brighter
communities

powerni

O'NEILLS
energia
Switched on
£1000

Welcome to
DogsTrust Dublin
This project is
kindly supported by
energia
Switched on

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Management Team, Ownership and Directorship

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Management Team, Ownership and Directorship

Management Team

The management team comprises:

Ian Thom – Chief Executive Officer

Ian has held the role of Chief Executive Officer since 2011. He joined the Group in 2001 as Company Secretary and General Counsel. He was appointed to the Group's Executive Committee in 2003 and has had executive responsibility for Power NI and PPB since 2007. Prior to joining the Group, he served as the European Legal Director of OSI International Foods. He is a barrister by profession.

Siobhan Bailey – Chief Financial Officer

Siobhan has held the role of Chief Financial Officer since 2011. She joined the Group in 1999 and has held a number of roles, including Energia Finance Director from 2006 to 2011 and Group Treasury Manager from 2003 to 2006. She qualified as a Chartered Accountant with EY.

Tom Gillen – Chief Operating Officer

Tom has held his current role since 2011. He joined the Group in 2000 and has held a number of roles including Chief Operating Officer of Viridian Power and Energy from 2009 to 2011, Managing Director of Energia Supply from 2007 to 2009 and Trading Director from 2000 to 2007. Prior to this, Tom worked at ESB and Northern Electric where he held various senior positions.

Stephen McCully – Managing Director, Power NI Customer Solutions

Stephen was appointed Managing Director of Power NI in 2002. He joined the Group in 1985 and has held a number of senior positions and led group-wide initiatives focused on business change. He is a Chartered Engineer and prior to joining the Group, worked at Murland and Partners - Consulting Engineers.

Roy Foreman – Managing Director, Power Procurement Business

Roy was appointed Managing Director, Power Procurement Business in 2002. He joined the Group in 1986 and has held a number of senior positions. Prior to joining the Group, Roy was Manager of Power Planning Economics from 1992 to 2002.

Garrett Donnellan – Head of Strategy and Corporate Development

Garrett was appointed Head of Strategy and Corporate Development for the Group in 2012. Prior to his appointment, Garrett held various senior management positions within the Group, including Renewables Finance Director and Generation Finance Director. He qualified as a Chartered Accountant with PricewaterhouseCoopers.

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Gary Ryan – Managing Director, Energia Customer Solutions

Gary has held his current role since 2015. He joined the Group in 2000 and has held a number of senior roles including Sales & Marketing Director (Energia) and Head of Sales (Energia). Prior to joining the Group, Gary held senior finance, marketing and management consultancy roles at Tedcastle Oil Group. He qualified as a Chartered Accountant with PricewaterhouseCoopers.

John Newman – Director of Trading and Regulation

John was appointed Energia's Director of Trading & Regulation in 2008. He joined the Group in 2002 and has held a number of senior roles within Energia. He has over 20 years' experience in the energy sector having previously held senior roles with Northern Electric.

Alwyn Whitford – Company Secretary

Alwyn was appointed Company Secretary of the Group in 2011. Prior to this Alwyn was Group Corporate Finance Manager and has held several other senior management positions within the Group since joining in 2000. He qualified as a Chartered Accountant with EY.

Catherine Gardiner – Chief Information Officer

Catherine was appointed Chief Information Officer in 2011 with responsibility for Strategic Projects and Technology Operations. Prior to this, Catherine was Head of Operations for Energia and has held several other management positions within the Group since joining in 2000.

**Michele Hanley –
Director of Human Resources**

Michele was appointed Group HR Director in 2015. Prior to this, Michele was Organisational Development Manager and HR Business Partner with Translink (Northern Ireland's public transport provider). She has experience in senior HR roles across various sectors, including FMCG, IT and Construction. She is a member of the Chartered Institute of Personnel and Development.

**Peter Baillie – Managing Director,
Energia Renewables**

Peter was appointed Managing Director of Energia Renewables in 2008. Prior to this Peter was Finance Director for Energia and has held several other senior management positions within the Group since joining in 1989. He qualified as a Chartered Accountant with PricewaterhouseCoopers.

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Ownership

The Company's parent is Energia Group TopCo Limited (formerly known as Viridian TopCo Limited). Energia Group TopCo Limited is majority owned by ISQ Viridian Holdings L.P., a limited partnership incorporated in the Cayman Islands, is owned by the ISQ Global Infrastructure Fund (the Fund) and ISQ Viridian Co-Invest L.P., a co-investment vehicle for the Fund. The Fund is managed by I Squared Capital.

I Squared Capital is an independent global infrastructure investment manager with over $13 billion of assets under management focusing on the energy, utilities, telecoms and transport sectors in the Americas, Europe and Asia. The firm has offices in Miami, New York, Houston, London, New Delhi, Hong Kong and Singapore.

Directorship

The Director of the Company who held office during the period was Ronald Schweizer. Ronald is a representative of I Squared Capital and his background and experience is summarised as follows:

Ronald Schweizer
Ronald Schweizer is Chief Financial Officer at I Squared Capital and joined the Board on 29 April 2016 following the acquisition of the Group by I Squared Capital. He has over 18 years' experience in private equity and investment banking. Prior to I Squared Capital, Ronald served as Senior Vice President & Head of Alternative Investment Finance at PineBridge Investments where he was responsible for the accounting and operations for PineBridge's alternative investments products and oversight of all investment valuations. Ronald has also served as Controller at Strategic Value Partners where he was responsible for the financial, operational, treasury and valuation aspects of two private equity funds. Earlier in his career, Ronald worked at J.P. Morgan Partners as a Vice President in Funds Management and at Morgan Stanley as a Manager. Ronald began his career at Ernst & Young LLP where he spent six years in their Audit & Assurance group.

The Director considers the strategic and director's report and financial statements comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

The Director's Report, as set out on pages 6 to 80, has been approved by the Board and signed on its behalf by:

Ronald Schweizer
Director

Registered office:
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Registered Number: 192375

3 June 2019

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Director's Responsibilities Statement

Director's Responsibilities Statement

The Director is responsible for preparing the Group financial statements and has elected to prepare those accounts in accordance with IFRS as adopted by the EU and applicable law. Accordingly, the Director is required to prepare Group financial statements which give a true and fair view of the financial position, the financial performance and cash flows of the Group and in preparing the Group financial statements, to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the EU is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- state whether the Group financial statements have been prepared in accordance with IFRS asadopted by the EU.

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group.

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Independent Auditors' Report

To the members of **Energia Group Limited**
(formerly known as Viridian Group Investments Limited)

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Independent Auditors' Report

Opinion

We have audited the financial statements of Energia Group Limited (formerly known as Viridian Group Investments Limited), for the year ended 31 March 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes 1 to 35 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the Group's affairs as at 31 March 2019 and of its profit for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group 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 relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group'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.

Other information

The other information comprises the information included in the annual report set out on pages 3 - 80, other than the financial statements and our auditor's report thereon. The Director is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Director's responsibilities statement set out on page 82, the Director is 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 Director determines 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 Director is responsible for assessing the Group'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 director either intends to liquidate the Group 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 **https://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 Director, as a body, in accordance with our engagement letter dated July 2018. Our audit work has been undertaken so that we might state to the Company’s Director 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 Director as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Belfast
3 June 2019

Consolidated
Financial Statements

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Consolidated Income Statement

for the year ended 31 March 2019

	Notes	Results before exceptional items and certain remeasurements 2019 €m	Exceptional items and certain remeasurements (note 7) 2019 €m	Total 2019 €m	[1]Restated results before exceptional items and certain remeasurements 2018 €m	Restated exceptional items and certain remeasurements (note 7) 2018 €m	Restated Total 2018 €m
Continuing operations	Notes						
Revenue	4	2,031.6	-	2,031.6	1,812.0	-	1,812.0
Operating costs	6	(1,922.8)	(11.5)	(1,934.3)	(1,709.0)	(133.1)	(1,842.1)
Operating profit/(loss)	4	**108.8**	**(11.5)**	**97.3**	**103.0**	**(133.1)**	**(30.1)**
Finance costs	10	(47.2)	-	(47.2)	(54.1)	(24.7)	(78.8)
Finance income	10	1.4	-	1.4	1.2	-	1.2
Net finance cost		**(45.8)**	**-**	**(45.8)**	**(52.9)**	**(24.7)**	**(77.6)**
Share of loss in associates	15	(1.0)	-	(1.0)	(0.7)	-	(0.7)
Profit on sale of associate	15	-	5.2	5.2	-	-	-
Profit/(loss) before tax		**62.0**	**(6.3)**	**55.7**	**49.4**	**(157.8)**	**(108.4)**
Taxation	11	(10.4)	2.0	(8.4)	(4.7)	16.6	11.9
Profit / (loss) for the year		**51.6**	**(4.3)**	**47.3**	**44.7**	**(141.2)**	**(96.5)**

[1] Restatement due to change in presentational currency and Group adoption of new accounting standards, interpretations and amendments per Note 35.

Consolidated Statement of Other Comprehensive Income

for the year ended 31 March 2019

	Notes	2019 €m	[1]Restated 2018 €m
Profit/(loss) for the year		**47.3**	**(96.5)**
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		11.8	(18.6)
Net (loss)/gain on cash flow hedges		(10.7)	6.6
Transferred (gain)/loss from equity to income statement on cash flow hedges		(0.2)	4.4
Share of associates net gain on cash flow hedges		0.9	0.5
Income tax effect		1.6	(0.6)
		(8.4)	**10.9**
		3.4	**(7.7)**
Items that will not be reclassified to profit or loss:			
Remeasurement loss on defined benefit scheme	24	(1.0)	(1.2)
Income tax effect		0.2	0.2
		(0.8)	**(1.0)**
Other comprehensive income/(expense) for the year, net of taxation		**2.6**	**(8.7)**
Total comprehensive income/(expense) for the year		**49.9**	**(105.2)**

[1] Restatement due to change in presentational currency and Group adoption of new accounting standards, interpretations and amendments per Note 35.

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Consolidated Balance Sheet

as at 31 March 2019

ASSETS	Notes	31 March 2019 €m	[1]Restated 31 March 2018 €m	[1]Restated 1 April 2017 €m
Non-current assets:				
Property, plant and equipment	12	513.9	473.5	582.1
Intangible assets	13	694.2	659.5	651.3
Investment in associates	15	2.9	7.7	7.2
Derivative financial instruments	26	2.7	6.0	23.4
Other non-current financial assets	18	-	0.1	0.1
Deferred tax assets	11	29.7	31.1	32.0
		1,243.4	**1,177.9**	**1,296.1**
Current assets:				
Inventories		5.6	5.6	5.6
Trade and other receivables	19	216.4	218.1	175.5
Derivative financial instruments	26	22.4	12.6	11.8
Other current financial assets	18	13.1	6.1	4.4
Cash and cash equivalents	20	196.6	144.0	140.5
		454.1	**386.4**	**337.8**
TOTAL ASSETS		**1,697.5**	**1,564.3**	**1,633.9**

[1] Restatement due to change in presentational currency and Group adoption of new accounting standards, interpretations and amendments per Note 35.

LIABILITIES	Notes	**31 March 2019 €m**	[1]Restated 31 March 2018 €m	[1]Restated 1 April 2017 €m
Current liabilities:				
Trade and other payables	21	(421.4)	(369.4)	(306.5)
Income tax payable		(2.6)	(2.6)	(2.0)
Financial liabilities	22	(30.8)	(46.6)	(20.6)
Derivative financial instruments	26	(15.7)	(7.5)	(11.2)
		(470.5)	**(426.1)**	**(340.3)**
Non-current liabilities:				
Financial liabilities	22	(915.4)	(871.6)	(839.1)
Derivative financial instruments	26	(31.7)	(9.5)	(13.3)
Net employee defined benefit liabilities	24	-	-	-
Deferred tax liabilities	11	(11.9)	(7.5)	(20.3)
Provisions	25	(16.3)	(15.0)	(13.3)
		(975.3)	**(903.6)**	**(886.0)**
TOTAL LIABILITIES		**(1,445.8)**	**(1,329.7)**	**(1,226.3)**
NET ASSETS		**251.7**	**234.6**	**407.6**
Equity				
Share capital	27	-	-	-
Share premium		766.6	753.4	772.3
Retained earnings		(567.9)	(601.2)	(528.0)
Capital contribution reserve		83.0	115.8	188.9
Hedge reserve		(13.9)	(5.5)	(16.3)
Foreign currency translation reserve		(16.1)	(27.9)	(9.3)
TOTAL EQUITY		**251.7**	**234.6**	**407.6**

The financial statements were approved by the Board and authorised for issue on 31 May 2019.

They were signed on its behalf by:

Ronald Schweizer

Date: 3 June 2019

[1]Restatement due to change in presentational currency and Group adoption of new accounting standards, interpretations and amendments per Note 35.

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Consolidated Statement of Changes In Equity

for the year ended 31 March 2019

	Notes	Share capital €m	Share premium €m	Retained earnings €m	Capital contribution reserve €m	Hedge reserve €m	Foreign currency translation reserve €m	Total equity €m
At 1 April 2017		**-**	**772.3**	**(532.6)**	**188.9**	**(16.3)**	**(9.3)**	**403.0**
Effect of adoption of new accounting Standards (Note 35)		-	-	4.6	-	-	-	4.6
At 1 April 2017 (restated [1])		**-**	**772.3**	**(528.0)**	**188.9**	**(16.3)**	**(9.3)**	**407.6**
Exchange adjustment		-	(18.9)	24.3	(5.3)	(0.1)	-	-
Loss for the year		-	-	(96.5)	-	-	-	(96.5)
Other comprehensive (expense)/income		-	-	(1.0)	-	10.9	(18.6)	(8.7)
Total comprehensive (expense)/income		-	**(18.9)**	**(73.2)**	**(5.3)**	**10.8**	**(18.6)**	**(105.2)**
Dividends paid		-	-	-	(67.8)	-	-	(67.8)
At 31 March 2018 (restated [1])		**-**	**753.4**	**(601.2)**	**115.8**	**(5.5)**	**(27.9)**	**234.6**
Exchange adjustment		-	13.2	(13.8)	0.6	-	-	-
Profit for the year		-	-	47.3	-	-	-	47.3
Other comprehensive (expense)/income		-	-	(0.8)	-	(8.4)	11.8	2.6
Total comprehensive income/(expense)		-	**13.2**	**32.7**	**0.6**	**(8.4)**	**11.8**	**49.9**
Dividends paid	32	-	-	-	(33.4)	-	-	(33.4)
Share-based payments	33	-	-	0.6	-	-	-	0.6
At 31 March 2019		**-**	**766.6**	**(567.9)**	**83.0**	**(13.9)**	**(16.1)**	**251.7**

[1] Restatement due to change in presentational currency and Group adoption of new accounting standards, interpretations and amendments per Note 35.

Consolidated Statement of Cash Flows

for the year ended 31 March 2019

	Notes	2019 €m	Restated [1] 2018 €m
Cash generated from operations before working capital movements	28	**155.2**	**142.1**
Working capital adjustments:			
Decrease/(increase) in trade and other receivables		1.7	(42.6)
Increase in security deposits		(7.0)	(1.8)
Increase in trade and other payables		52.5	68.0
Effects of foreign exchange		(1.6)	1.9
		200.8	**167.6**
Interest received		0.3	0.3
Interest paid		(42.2)	(51.9)
Exceptional finance costs		-	(26.6)
		(41.9)	**(78.2)**
Income tax paid		(0.5)	(0.3)
Net cash flows from operating activities		**158.4**	**89.1**
Investing activities			
Purchase of property, plant and equipment		(73.2)	(71.1)
Purchase of intangible assets		(145.9)	(135.0)
Proceeds from sale of intangible assets		119.1	112.6
Return on other non-current financial assets		-	0.1
Disposal of subsidiary, net of cash disposed		(0.2)	(0.2)
Distributions received from associates		0.8	-
Interest received from associates		0.7	0.3
Disposal of associate		9.8	-
Acquisition of subsidiaries	16	(23.2)	(3.5)
Net cash flows used in investing activities		**(112.1)**	**(96.8)**
Financing activities			
Proceeds from issue of borrowings		63.0	677.4
Repayment of borrowings		(24.2)	(616.0)
Close out of foreign exchange forward contracts		-	33.3
Dividend paid to parent undertaking		(33.4)	(67.8)
Issue costs of new long term loans		(1.5)	(13.5)
Net cash flows from financing activities		**3.9**	**13.4**
Net increase in cash and cash equivalents		**50.2**	**5.7**
Net foreign exchange difference		2.4	(2.2)
Cash and cash equivalents at 1 April	20	**144.0**	**140.5**
Cash and cash equivalents at 31 March	20	**196.6**	**144.0**

[1]Restatement due to change in presentational currency and Group adoption of new accounting standards, interpretations and amendments per Note 35.

1. CORPORATE INFORMATION

The consolidated financial statements of Energia Group Limited (formerly known as Viridian Group Investments Limited) and its subsidiaries (collectively, the Group) for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Director on 31 May 2019. Energia Group Limited (the Company or the parent) is a limited company incorporated and domiciled in the Cayman Islands. The registered office is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Group's operations and its principal activities are set out earlier in the Report on pages 9 to 10.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) as they apply to the financial statements of the Group for the year ended 31 March 2019.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, contingent consideration arising on business combinations and the assets of the Group's pension scheme that have been measured at fair value and the liabilities of the Group's pension scheme that are measured using the projected unit credit valuation method. The consolidated financial statements are presented in Euros with all values rounded to the nearest million (€m) except where otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 April 2017 is presented in these consolidated financial statements due to the retrospective application of accounting policies as a result of the adoption of new accounting standards. See Note 3a.

Change in presentational currency

During the year, the Group changed the currency in which it presents its consolidated financial statements from pounds sterling to Euros following a strategic review of the Group in the year to reflect the increasing focus of the Group's business activities within the Republic of Ireland as described on page 8.

A change in presentational currency is a change in accounting policy which is accounted for retrospectively. Statutory financial information included in the Group's consolidated financial statements for the year ended 31 March 2018 previously reported in sterling has been restated into Euros using the procedures outlined below:

- assets and liabilities denominated in non-Euro currencies were translated into Euros at the closing rates of exchange on the relevant balance sheet date;

- non-Euro income and expenditure were translated at the average rates of exchange prevailing for the relevant period;
- the cumulative translation reserve was set to nil at 1 April 2011, the date of transition to IFRS, and these reserves have been restated on the basis that the Group has reported in Euros since that date;
- share capital, share premium and other reserves have been translated at the closing rates of exchange on the relevant balance sheet date; and
- all exchange rates were extracted from the Group's underlying financial records.

Change in segmental reporting

During the year a strategic review of the Group was undertaken as described on page 8. As a result of this review, the Board has determined that it is more appropriate to manage the Group through reportable segments aligned to business drivers rather than the business units previously reported. Therefore with effect from 31 March 2019 the Board has organised the Group into the following segments for management and reporting purposes:

- Renewables;
- Flexible Generation; and
- Customer Solutions.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the

three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) New and amended standards and interpretations

The Group applied IFRS 15 and IFRS 9 for the first time in this set of financial statements. The nature and effect of the changes as a result of adoption of these new accounting standards are described below and further detailed in Note 35.

Several other amendments and interpretations apply for the first time in this set of financial statements, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The standard establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The five steps relate to identifying the contract with a customer, identifying the separate performance obligations in the contract, determining the transaction price, allocating the transaction price to the separate performance obligations and recognising revenue when (or as) the entity satisfies the performance obligation under the contract. The Group adopted IFRS 15 using the full retrospective method of adoption. For the vast majority of the Group's revenue the application of IFRS 15 had no material impact on its revenue recognition practices and there was no impact on the Group's cash flow.

The key areas affected are described below:

(a) Principal versus agent

For certain variable price Power Purchase Agreements (PPAs) with renewable generators both the Group's Customer Solutions businesses Energia and Power NI are deemed to be acting as an agent primarily due to pricing risk being removed from variable contracts meaning that they do not bear 'inventory risk' as such and

therefore revenue is now accounted for on a net basis for these PPAs. There was no impact in the consolidated balance sheet as at 31 March 2018 or the opening balance sheet at 1 April 2017. The consolidated income statement for the year ended 31 March 2018 was restated resulting in decreases in both revenue and operating costs amounting to €10.7m.

(b) Incremental contract costs

The accounting for the incremental costs of obtaining a contract within the Customer Solutions businesses of the Group has changed with these costs now being capitalised and amortised on a basis that reflects the transfer of goods or services to the customer. The consolidated balance sheet as at 31 March 2018 was restated, resulting in recognition of customer acquisition costs amounting to €5.8m, an increase in the deferred tax liability of €0.8m and an increase in retained earnings amounting to €5.0m. The consolidated income statement for the year ended 31 March 2018 was also restated, resulting in a decrease in operating costs amounting to €4.1m, an increase in amortisation of intangible assets amounting to €3.6m and a decrease in the tax credit of €0.1m.

(c) Other

Income of €1.2m in relation to the reimbursement of costs associated with the administration of the Northern Ireland Sustainable Energy Programme (NISEP) which was previously included in revenue within the Group's Customer Solutions business of Power NI has been netted with the corresponding operating costs. ROC income of €49.8m within the Group's renewables business which was previously netted within operating costs has been reclassified to turnover. The consolidated income statement for the year ended 31 March 2018 was restated resulting in a combined increase in both revenue and operating costs amounting to €48.6m. There is no impact in the consolidated balance sheet as at 31 March 2018.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group adopted IFRS 9 on 1 April 2018 using the modified retrospective approach and opted not to restate comparatives with the main impact to the Group being as follows:

(a) Impairment

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach with the main impact for the Group being in relation to trade receivables. For trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. There is no material impact in the consolidated balance sheet as at 31 March 2019.

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(b) Hedge accounting

The Group applied hedge accounting prospectively. At the date of the initial application of 1 April 2018 all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Additionally adoption of IFRS 9 hedge accounting enabled the Group to achieve hedge accounting for gas as a proxy to SMP prospectively from 1 April 2018. There is no impact in the consolidated balance sheet as at 31 March 2018.

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of (i) the consideration transferred and measured at acquisition date fair value, and (ii) the amount of any non-controlling interests in the acquiree.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in the Income Statement in accordance with IFRS 9. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the fair value of the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. If a subsidiary is subsequently sold any goodwill arising on acquisition which has not been impaired is taken into account in determining the profit or loss on sale.

(c) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not control or have joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Income Statement reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Income Statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate' in the Income Statement.

(d) Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current / non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in a normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in a normal operating cycle;

- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(e) Fair value measurement

The Group measures financial instruments, such as, derivatives, at each balance sheet date at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(f) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services provided in the normal course of business, exclusive of value added tax and other sales related taxes. The specific recognition criteria described below must also be met before revenue is recognised:

Renewable generation

The key revenue streams derived from the Renewable generation businesses include the generation of electricity through wholly owned wind assets and third party contracted PPAs across the Island of Ireland together with the sale of Renewable Obligation Certificates (ROCs) generated from the assets in Northern Ireland. Revenue in relation to electricity generation is recognised over time and is only recognised when the performance obligation is satisfied in line with IFRS 15. Revenue generated from the SEM / I-SEM is settled both weekly and monthly in line with market settlement timelines, while revenue generated from ROCs are recognised at a point in time and settled in line with contractual settlement terms.

Flexible generation

Two key revenue streams are received by the Flexible Generation businesses Huntstown and PPB. Capacity revenue is recognised based upon the capacity (MW) provided to the SEM / I-SEM. Energy revenue is recognised based upon electricity units generated during the period at market price, including an allowance for any anticipated resettlement within the SEM and I-SEM. Units are based on energy volumes recorded by SEMO and these units are reconciled to the units recorded on the plant systems to ensure accuracy. Revenue in relation to electricity generation is recognised over time and is only recognised when the performance obligation is satisfied in line with IFRS 15. Revenue generated from the SEM / I-SEM is settled both weekly and monthly in line with market settlement timelines.

Customer solutions

Revenue is recognised on the basis of electricity and gas supplied during the period. This includes an assessment of electricity and gas supplied to customers between the date of the last meter reading and the balance sheet date, estimated using historical consumption patterns. Revenue for electricity and gas is recognised over time and only recognised when the performance obligation is satisfied in line with IFRS 15. Revenue recognised includes variable consideration in respect of estimated market resettlement. Electricity and gas revenues are invoiced on a

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monthly, bi-monthly and quarterly basis with standard credit terms of 14 days for residential customers. Credit terms for business customers vary by contract.

Contract balances

Contract assets (accrued income)

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs its obligation by transferring goods or services to a customer and an invoice has not yet been raised, a contract asset is recognised for the earned consideration.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to financial assets accounting policies below.

Contract liabilities (payments on account)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group has transferred goods or services to the customer, a contract liability is recognised when the payment is received. Contract liabilities are recognised as revenue when the Group performs its performance obligation.

(g) Taxation

The tax charge represents the sum of tax currently payable and deferred tax. Tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity.

Tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes both items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax payable or recoverable on differences between the carrying amount of assets and liabilities in the accounts and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised on temporary differences where they arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred tax is not recognised in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is

probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(h) Dividends paid

Final dividends are recorded in the year in which shareholder approval is obtained. Interim dividends are recorded in the year in which they are paid.

(i) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold land is not depreciated. Other tangible fixed assets are depreciated on a straight-line basis so as to write off the cost, less estimated residual value, over their estimated useful economic lives as follows:

Thermal generation assets - 12 to 30 years

Renewable generation assets - up to 20 years

Fixtures and equipment - up to 25 years

Vehicles and mobile plant - up to 5 years

(j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Emissions allowances, renewable and energy efficiency obligations

The Group recognises purchased CO_2 emissions allowances, ROCs and energy efficiency credits (EECs) initially at cost (purchase price) within intangible assets and subsequently written down to their recoverable amount at the balance sheet date should this be less than the purchase price. Self-generated ROCs are initially recorded at fair value within intangible assets with a corresponding credit to energy costs in the income statement, and subsequently written down to their recoverable amount at the balance sheet date should this be less than the fair value on initial recognition. No amortisation is recorded during the period as the intangible asset is surrendered at the end of the compliance period reflecting the consumption of economic benefit.

The Group recognises liabilities in respect of its obligations to deliver emissions allowances to the extent that the allowances to be delivered exceed the level of allocation under the EU emissions trading scheme. Any liabilities recognised are measured based on the current estimates of the amounts that will be

required to satisfy the obligation. A liability for the renewables obligation and the climate change levy is recognised based on the level of electricity supplied to customers. A liability for the energy efficiency obligation under the EEOS is recognised if energy saving minimum targets are not achieved by the end of the compliance period. Any such liability is recognised on the compliance date (31 December) and is calculated by reference to the relevant penalty rates for volumes not achieved.

Computer software

The cost of acquiring computer software is capitalised and amortised on a straight-line basis over the Director's estimate of its useful economic life which is between three and ten years. The carrying value of computer software is reviewed for impairment where events or changes in circumstances indicate that the carrying value may not be recoverable.

Development assets

Development assets arising from business combinations relate to value arising from the development of renewable projects which the Group believes will generate future economic benefits. Development assets are amortised from the date of commissioning of the renewable asset over its useful economic life which is twenty years.

At a point the project is no longer expected to reach construction the carrying amount of the project is impaired.

Customer acquisition costs

The incremental costs of obtaining a customer contract within the Customer Solutions businesses are capitalised and amortised on a basis that reflects the transfer of goods or services to the customer.

(k) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through Other Comprehensive Income ('OCI'), and fair value through the profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component or which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest' ('SPPI') on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for management of financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ('EIR') method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

This category generally applies to trade and other receivables. Trade receivables do not carry any interest and are recognised and carried at the lower of their original invoiced value and recoverable amount.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IFRS 9. The Group has not designated

any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at a fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial assets out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- the rights to receive cash flows from the asset has expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In the case, the Group also recognised an associated liability. The transferred asset and the associated liability are measured on a basis that reflect the rights and obligations that the Group has retained.

Continuing involvement that the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the

difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposure for which there has not been a significant increase in the credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applied a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognised a loss allowance based on the lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicated that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the EIR method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividend income

Dividend income is recognised on the date the Group's right to receive the payments is established.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

This category generally applies to interest bearing loans and borrowings. This category also applies to trade and other payables which are not interest bearing and stated at their nominal amount.

Interest free loans receivable from or payable to the parent undertaking are recognised at fair value on initial recognition based on the market rate of interest for similar loans at the date of issue. In case of loans received from a parent undertaking the difference on initial recognition between the fair value and the loan amount is recorded as a capital contribution in equity. The difference arising between the amount of a loan made to a parent undertaking and its fair value is treated as a distribution to the parent and reflected within equity. Subsequently, an interest expense or receivable is recognised within the income statement using the EIR method so that each loan is stated at the amount repayable or receivable at the redemption date.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same

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lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(l) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, contracts for differences and forward commodity contracts, to hedge its foreign currency risks, interest rate risks, electricity price risk and other commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under IFRS 9 are recognised in the income statement as operating costs. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for cash flow hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement in operating costs. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency and commodity contracts is recognised in operating costs.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flows occur, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

(m) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.
The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term bank deposits with a maturity of less than three months.

(o) Provisions

General

Provisions are recognised when (i) the Group has a present obligation (legal or constructive) as a result of a past event (ii) it is probable that an outflow of economic benefits will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is included within finance costs.

Decommissioning liability

Provision is made for estimated decommissioning costs at the end of the estimated useful lives of generation assets on a discounted basis based on price levels and technology at the balance sheet date. Changes in these estimates and changes to the discount rates are added to or deducted from the capitalised cost of the asset to which they relate. Capitalised decommissioning costs are depreciated over the estimated useful lives of the related assets. The unwinding of the discount is included within finance costs.

(p) Exceptional items and certain remeasurements

As permitted by IAS 1 Presentation of Financial statements, the Group has disclosed additional information in respect of exceptional items on the face of the income statement to aid understanding of the Group's financial performance. An item is treated as exceptional if it is considered unusual by nature and scale and of such significance that separate disclosure is required for the financial statements to be properly understood. "Certain remeasurements" are remeasurements arising on certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships, and which are accounted for as held for trading in accordance with the Group's policy for such financial instruments. This excludes commodity contracts not treated as financial instruments under IFRS 9 where held for the Group's own use requirements. Certain remeasurements arising from IFRS 9 are disclosed separately to aid understanding of the underlying performance of the Group.

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(q) Pensions and other post-employment benefits

The Group has both defined benefit and defined contribution pension arrangements. The amount recognised in the balance sheet in respect of liabilities represents the present value of the obligations offset by the fair value of assets.

The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method.

Pension remeasurements, comprising of actuarial gains and losses, excluding net interest, and the return on plan assets (excluding net interest), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Pension remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under operating costs in the consolidated statement of profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

Pension costs in respect of defined contribution arrangements are charged to the profit and loss account as they become payable.

(r) Inventories

Inventories are valued at the lower of average purchase price and net realisable value.

(s) Borrowing costs

Borrowing costs directly attributable to qualifying assets are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

(t) Operating lease contracts

Leases are classified as operating lease contracts whenever the terms of the lease do not transfer substantially all the risks and benefits of ownership to the lessee.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term.

(u) Foreign currency translation

The Group's consolidated financial statements are presented in Euro, which is the Group's presentation currency. Energia Group Limited functional currency is sterling. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

On consolidation, the assets and liabilities of foreign operations are translated into Euro at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

(v) Share-based payments

Employees (senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 33.

That cost is recognised in employee benefits expense (Note 9), together with a corresponding increase in equity (retained earnings), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired

and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

(w) Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the amounts reported for revenues and operating costs during the year. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following key judgements and estimations of uncertainty, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition

Revenue on energy sales include an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the year end. This will have been estimated by using historical consumption patterns. At the balance sheet date, the estimated consumption by customers will either have been billed or accrued (estimated unbilled revenue). Management apply judgement to the

measurement of the quantum and valuation of the estimated consumption. The judgements applied and the assumptions underpinning these judgements are considered to be appropriate. However a change in these assumptions would impact upon the amount of revenue recognised. Revenue recognised in the period has been outlined in note 5.

Impairment testing

The Group reviews the carrying amounts of its goodwill, other intangible assets and property, plant and equipment to determine whether there is any indication that the value of those assets is impaired. This requires an estimation of the value in use of the CGUs to which the assets are allocated which includes the estimation of future cash flows and the application of a suitable discount rate. Subsequent changes to these estimates or judgements may impact the carrying value of the assets within the respective CGUs. Impairment testing has been outlined in note 14.

Business combinations

Business combinations require a fair value exercise to be undertaken to allocate the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based to a considerable extent on management's judgement. The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of this purchase price to the identifiable assets and liabilities with any unallocated portion being recorded as goodwill. Business combinations have been outlined in note 16.

Pensions and other post-employment benefits

The Group has both defined benefit and defined contribution arrangements. The cost of providing benefits under the defined benefit scheme is determined using the projected unit method. The key assumptions used in relation to the cost of providing post-retirement benefits are set after consultation with qualified actuaries. While these assumptions are considered to be appropriate, a change in these assumptions would impact the earnings of the Group. Pensions and other post-employment benefits have been outlined in note 24.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a Monte-Carlo simulation model for the Management Investment Plan (MIP).

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 33.

Exceptional items and certain remeasurements

The Group has disclosed additional information in respect of exceptional items on the face of the income statement to aid understanding of the Group's financial performance. An item is

treated as exceptional if it is considered unusual by nature and scale and of such significance that separate disclosure is required for the financial statements to be properly understood. “Certain remeasurements” are remeasurements arising on certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships, and which are accounted for as held for trading in accordance with the Group’s policy for such financial instruments. This excludes commodity contracts not treated as financial instruments under IFRS 9 where held for the Group’s own use requirements. Exceptional items and certain remeasurement have been outlined in note 7.

Credit provisions for trade receivables

The Group applies the IFRS 9 simplified approach to calculate ECLs for trade receivables and uses a provision matrix. The matrix approach allows application of different rates to different groups of customers with similar characteristics. The provision matrix is initially based on the Group’s historical observed default rates. The Group then calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The information about the ECLs on the Group’s trade receivables and contract assets is disclosed in Note 19.

Provision for I-SEM resettlement

The new market trading arrangements, which comprise a Day Ahead Market, Intra-Day Market and Balancing Market, commenced on 1 October 2018 and are still in their infancy. The Group’s energy purchase and supply businesses remain exposed to energy price resettlement risks. The market operator has not yet resettled these markets since commencement of the market (the market is ordinarily resettled 4 months and 13 months after initial settlement) on 1 October 2018 and therefore the Group is exposed to potential price resettlements in the balancing market. The Group estimates the level of resettlement that will be applied. These estimates are based on known market anomalies as extensively discussed in industry forums and facts and circumstances known at the Balance Sheet date. Estimations are dependent on the resettlement approach taken by the market operator.

(X) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of the issuance of the Group’s financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 16 - Leases

IFRS 16 specifies the recognition, measurement, presentation and disclosure of leases and will be applied for the first time in the Group’s consolidated financial statements for the year ended 31 March 2020. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value.

Transition to IFRS 16

Following a detailed impact assessment the Group has concluded that PPB's generating unit agreement with AES Ballylumford whilst considered an operating lease under the existing standard is not regarded as a lease under the new standard. Similarly PPAs with renewable generators are not regarded as operating leases under the new standard. The Group has entered into operating leases for the hire of equipment, buildings and land (primarily relating to the renewable asset portfolio) which do fall under the scope of IFRS 16.

The Group plans to adopt IFRS 16 under the modified retrospective approach with the cumulative effect of initially applying IFRS 16 recognised as an adjustment to the opening balance of retained earnings at the date of initial application which is 1 April 2019 for the Group. In summary the impact of IFRS 16 adoption is expected to be as follows:

Impact on the consolidated balance sheet as at 1 April 2019:

	2019 €m
Assets	
Property, plant and equipment	19.7
Liabilities	
Lease liabilities	(24.4)
Net impact on equity	**(4.7)**

Due to the adoption of IFRS 16 operating lease rentals currently recognised within other operating costs (see note 6) will decrease to a negligible amount however depreciation will increase in respect of the depreciation of the right-of-use asset over the term of the lease and finance costs will increase due to accretion of the lease liability.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatment involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretations addresses the following:

- Whether an entity considers uncertain tax treatment separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The Interpretation is effective for annual

reporting periods beginning on or after 1 January 2019, but certain transitional reliefs are available. The Group will apply the interpretation from its effective date. Application of the interpretation is not expected to have a material impact on the Group's consolidated financial statements.

Amendments to IFRS 9: Prepayments Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised costs or at fair value through other comprehensive income, provided that the contractual cash flows are 'Solely Payment of Principal and Interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments will have no impact on the consolidated financial statements of the Group.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability / (asset) reflecting the benefits offered under the plan and the plan assets after that event;

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability / (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability / (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements include:

IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.

IFRS 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3.

The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

4. SEGMENTAL ANALYSIS

During the year the Group completed a strategic review which resulted in a new reporting structure. For management purposes, the Group is now organised into business units based on its products and services and has three reportable segments, as follows:

(i) **Renewables**
The Renewables business owns and operates 290MW (including 13MW minority owned) of wind assets and purchases electricity from 1,281MW of renewable generation capacity throughout Ireland. In addition, the Renewables business is currently developing a 4.0MW bioenergy anaerobic digestion facility in Dublin;

(ii) **Flexible Generation**
Consists of electricity generation from the Group's two Huntstown CCGT plants together with the administration of the contracted generation capacity from the Ballylumford power station in Northern Ireland under legacy generating unit agreements which were originally established in 1992 when the Northern Ireland electricity industry was restructured;

(iii) **Customer Solutions**
Consists of the competitive supply of electricity and gas to business and residential customers in the RoI, the supply of electricity to business customers in Northern Ireland through it's brand Energia, together with the supply of electricity to residential and business customers in Northern Ireland through it's brand Power NI.

The Group's Board monitors the operating results of its business units separately for the purpose of making decisions with regard to resource allocation and performance assessment. The measure of profit used by the Board is pro-forma EBITDA which is before exceptional items and certain remeasurements (arising from certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships) and based on regulated entitlement (whereby the adjustment for (under) / over-recovery outlined in the segmental analysis below represents the amount by which the regulated businesses (under) / over-recovered against their regulated entitlement). The Board also monitors revenue on a regulated entitlement basis.

(a) Revenue by segment

	2019 €m	2018 €m
Renewables	227.7	220.7
Flexible Generation	431.7	333.3
Customer Solutions	1,381.9	1,263.9
Inter-group eliminations	1.4	(1.3)
Group	**2,042.7**	**1,816.6**
Adjustment for under-recovery	(11.1)	(4.6)
Total	**2,031.6**	**1,812.0**

The adjustment for under-recovery represents the amount by which the regulated businesses under-recovered against their regulated entitlement.

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(b) Operating Profit

	2019 €m	2018 €m
Segment Pro-Forma EBITDA		
Renewables	80.0	64.5
Flexible Generation	39.1	43.4
Customer Solutions	48.0	40.5
Group Pro-Forma EBITDA	**167.1**	**148.4**
Adjustment for under-recovery	(11.1)	(4.6)
Group EBITDA	**156.0**	**143.8**
Depreciation/amortisation		
Renewables	(21.4)	(16.8)
Flexible Generation	(17.3)	(16.7)
Customer Solutions	(8.5)	(7.3)
Group depreciation and amortisation	**(47.2)**	**(40.8)**
Operating profit pre exceptional items and certain remeasurements		
Renewables	58.7	47.7
Flexible Generation	21.8	26.7
Customer Solutions	39.4	33.2
Group Pro-Forma operating profit	**119.9**	**107.6**
Adjustment for under-recovery	(11.1)	(4.6)
Operating profit pre exceptional items and certain remeasurements	**108.8**	**103.0**
Exceptional items and certain remeasurements		
Renewables	1.6	0.4
Flexible Generation	-	(140.3)
Customer Solutions	(13.1)	6.8
Group operating profit/(loss) post exceptional items and certain remeasurements	**97.3**	**(30.1)**
Finance cost	(47.2)	(78.8)
Finance income	1.4	1.2
	(45.8)	**(77.6)**
Share of loss in associates	(1.0)	(0.7)
Profit on sale of associate	5.2	-
Profit/(loss) on ordinary activities before tax	**55.7**	**(108.4)**

(c) Capital expenditure

	Capital additions to property, plant and equipment		Capital additions to intangible assets	
	2019 €m	2018 €m	**2019 €m**	2018 €m
Renewables	64.6	62.9	44.3	46.3
Flexible Generation	4.4	0.4	5.7	4.9
Customer Solutions	2.8	7.0	98.7	83.6
Total	**71.8**	**70.3**	**148.7**	**134.8**

(d) Geographic information

Non-current operating assets	**2019 €m**	2018 €m
UK	588.6	530.4
RoI	619.5	602.6
Total	**1,208.1**	**1,133.0**

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

5.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ending March 2019:

2019	Renewables €m	Flexible Generation €m	Customer solutions €m	Total €m
Type of goods or service:				
Supply of electricity and gas	-	-	1,379.8	1,379.8
Electricity generation	227.7	431.7	-	659.4
Other	-	-	2.1	2.1
Inter-group eliminations	-	1.8	(0.4)	1.4
Group	**227.7**	**433.5**	**1,381.5**	**2,042.7**
Adjustment for over / (under) recovery	-	10.1	(21.2)	(11.1)
Total revenue from contracts with customers	**227.7**	**443.6**	**1,360.3**	**2,031.6**

The Group primarily offers standard payment terms to customers of 14 days from date of invoice.

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ending March 2018:

2018	Renewables €m	Flexible Generation €m	Customer solutions €m	Total €m
Type of goods or service:				
Supply of electricity and gas	-	-	1,262.1	1,262.1
Electricity generation	220.7	333.3	-	554.0
Other	-	-	1.8	1.8
Inter-group eliminations	-	(0.8)	(0.5)	(1.3)
Group	**220.7**	**332.5**	**1,263.4**	**1,816.6**
Adjustment for over / (under) recovery	-	5.6	(10.2)	(4.6)
Total revenue from contracts with customers	**220.7**	**338.1**	**1,253.2**	**1,812.0**

Geographical markets:	2019 €m	2018 €m
UK	920.9	827.2
RoI	1,110.7	984.8
Total revenue from contracts with customers	**2,031.6**	**1,812.0**
Timing of revenue recognition:		
Transferred over time	1,922.4	1,705.6
Transferred at a point in time	109.2	106.4
Total revenue from contracts with customers	**2,031.6**	**1,812.0**

Trade receivables arising from contracts with customers are disclosed in note 19.

The Group's principal revenue streams are as follows:

Renewable generation

The key revenue streams derived from the renewable generation businesses include the generation of electricity through wholly owned wind assets and third party contracted PPAs across the Island of Ireland together with the sale of ROCs generated from those assets in Northern Ireland. Sale of electricity generated is recognised over time whereas the sale of ROCs through auction or bilateral contract is recognised at the point of sale.

Flexible generation

Two key revenue streams are received by the Flexible Generation businesses Huntstown and PPB. Capacity revenue is recognised based upon the capacity (MW) provided to the SEM / I-SEM. Energy revenue is recognised based upon electricity units generated during the period at market price, including an allowance for any anticipated resettlement within the SEM and I-SEM. Units are based on energy volumes recorded by SEMO and these units are reconciled to the units recorded on the plant systems to ensure accuracy. Sale of electricity generated is recognised over time.

Customer solutions

Revenue is recognised on the basis of energy supplied during the period. Revenue for energy supply includes an assessment of energy supplied to customers between the date of the last meter reading and the balance sheet date, estimated using historical consumption patterns. Sale of electricity and gas is recognised over time in line with consumption.

Cost to obtain a contract

Incremental costs of obtaining a customer contract are recognised as an asset and amortised on a systematic basis consistent with the entity's transfer of the electricity and gas to customers.

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6. OPERATING COSTS

	2019 €m	2018 €m
Operating costs are analysed as follows:		
Energy costs	1,770.9	1,581.2
Employee costs	38.0	32.7
Depreciation, amortisation and impairment	47.2	40.8
Other operating charges	66.7	54.3
Total pre exceptional items and certain remeasurements	**1,922.8**	**1,709.0**
Exceptional costs and certain remeasurements:		
Energy income/(costs)	13.0	(6.2)
Depreciation, amortisation and impairment	-	140.3
Other operating charges	(1.5)	(1.0)
Total exceptional costs and certain remeasurements	**11.5**	**133.1**
Total operating costs	**1,934.3**	**1,842.1**

6.1 Depreciation, amortisation and impairment

	2019 €m	2018 €m
Depreciation	37.7	34.1
Amortisation of intangible assets	9.5	6.7
Pre exceptional items	**47.2**	**40.8**
Impairment of property, plant and equipment	-	140.3
Post exceptional items	**47.2**	**181.1**

6.2 Other operating costs

Operating lease rentals recognised as an expense during the year:	**2019 €m**	2018 €m
Land and buildings	**2.4**	**1.9**

7. EXCEPTIONAL ITEMS AND CERTAIN REMEASUREMENTS

	2019 €m	2018 €m
Exceptional items in arriving at profit from continuing operations:		
Acquisition costs[1]	(0.3)	-
Profit on disposal of associate[2]	5.2	-
Release of contingent consideration[3]	1.8	-
Impairment of property, plant and equipment	-	(140.3)
Exceptional finance costs	-	(32.0)
	6.7	**(172.3)**
Certain remeasurements in arriving at profit		
Net (loss)/profit on derivatives at fair value through operating costs[4]	(13.0)	7.2
Net profit on derivatives at fair value through finance costs	-	7.3
	(13.0)	**14.5**
Exceptional items and certain remeasurements before taxation	**(6.3)**	**(157.8)**
Taxation on exceptional items and certain remeasurements	2.0	16.6
Exceptional items and certain remeasurements after taxation	**(4.3)**	**(141.2)**

The tax credit / (charge) in the profit and loss account relating to exceptional items and certain remeasurements is:

	2019 €m	2018 €m
Impairment of property, plant and equipment	-	17.6
Fair valued derivatives through profit & loss	2.0	(1.0)
	2.0	**16.6**

[1] Exceptional acquisition costs of €0.3m (2018 - €nil) relate to costs associated with acquisitions whether successful or unsuccessful.
[2] Profit on disposal of associates of €5.2m (2018 - €nil) relates to the net gain on disposal of the Group's minority interest in IIF Cyclone.
[3] Release of contingent consideration of €1.8m (2018 - €nil) relates to contingent consideration previously recognised for the wind generation development projects Cornavarrow, Slieveglass and Teiges which were commissioned during the year.
[4] Net loss on derivatives at fair value through operating costs of €13.0m (2018 - €7.2m profit) relates to fair value movements in commodity swap contracts and foreign exchange forward contracts relating to commodity purchases.

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8. AUDITORS' REMUNERATION

The Group paid the following amounts to the Company's auditors or its associates in respect of the audit of the financial statements and for other services provided to the Group.

	2019 €'000	2018 €'000
Audit of these financial statements	54	93
Audit of subsidiaries pursuant to legislation	321	332
	375	**425**
Fees payable to the Company's auditor and its associates for other services:		
Audit related assurance services	3	16
Taxation compliance services	31	32
Taxation advisory services	154	280
Corporate finance services	70	85
Total non-audit services	**258**	**413**

9. EMPLOYEES

	2019 €m	2018 €m
Salaries	35.2	30.5
Social security costs	3.8	3.3
Pension costs		
- defined contribution plans	2.3	2.1
- defined benefit plans	1.1	1.0
	42.4	**36.9**
Less salaries capitalised in property, plant and equipment and intangible assets	(4.4)	(4.2)
Charged to the income statement	**38.0**	**32.7**

	Actual headcount at 31 March		Average during the year	
	Number 2019	Number 2018	**Number 2019**	Number 2018
Renewables	34	12	29	12
Flexible generation	60	65	62	64
Customer solutions	701	625	661	579
	795	**702**	**752**	**655**

Director's emoluments

No amounts were paid to the Director in respect of qualifying services or long term investment plans during the year (2018 - €nil).

Included in salary costs above is an amount of €0.6m in relation to the Group's Management Investment Plan (see note 33).

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10. FINANCE COSTS/INCOME

Finance costs	Results before exceptional items and certain remeasure-ments 2019 €m	Exceptional items and certain remeasure-ments 2019 €m	Total 2019 €m	Results before exceptional items and certain remeasure-ments 2018 €m	Exceptional items and certain remeasure-ments 2018 €m	Total 2018 €m
Interest on external bank loans and borrowings	(15.4)	-	(15.4)	(14.6)	-	(14.6)
Interest on senior secured notes	(26.1)	-	(26.1)	(34.9)	-	(34.9)
Total interest expense	**(41.5)**	**-**	**(41.5)**	**(49.5)**	**-**	**(49.5)**
Amortisation of financing charges	(2.2)	-	(2.2)	(2.5)	(5.4)	(7.9)
Unwinding of discount on decommissioning provision	(0.3)	-	(0.3)	(0.2)	-	(0.2)
Unwinding of discount on contingent liabilities	(1.5)	-	(1.5)	(1.6)	-	(1.6)
Other finance charges	(0.4)	-	(0.4)	(0.2)	(26.6)	(26.8)
Total other finance charges	**(4.4)**	**-**	**(4.4)**	**(4.5)**	**(32.0)**	**(36.5)**
Net exchange loss on net foreign currency borrowings	(2.8)	-	(2.8)	(1.9)	-	(1.9)
Net gain on financial instruments at fair value through profit or loss	-	-	-	-	7.3	7.3
Less interest capitalised in qualifying asset	1.5	-	1.5	1.8	-	1.8
Total finance costs	**(47.2)**	**-**	**(47.2)**	**(54.1)**	**(24.7)**	**(78.8)**
Finance income						
Interest income on loans to associates	0.9	-	0.9	1.1	-	1.1
Interest income on bank deposits	0.5	-	0.5	0.1	-	0.1
Total finance income	**1.4**	**-**	**1.4**	**1.2**	**-**	**1.2**

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in the period was 3.3% (2018 – 4.6%).

11. INCOME TAX

The major components of the tax (charge)/credit for the years ended 31 March 2019 and 2018 are as follows:

Current tax:	**Results before exceptional items and certain remeasure-ments 2019 €m**	**Exceptional items and certain remeasure-ments 2019 €m**	**Total 2019 €m**	Results before exceptional items and certain remeasure-ments 2018 €m	Exceptional items and certain remeasure-ments 2018 €m	Total 2018 €m
Current tax (charge)/credit	(2.7)	2.0	(0.7)	0.1	(1.0)	(0.9)
Adjustments in respect of prior years	0.1	-	0.1	-	-	-
Total current tax (charge)/credit	**(2.6)**	**2.0**	**(0.6)**	**0.1**	**(1.0)**	**(0.9)**
Deferred tax:						
Adjustments in respect of current year	(7.6)	-	(7.6)	(4.3)	17.6	13.3
Adjustments in respect of prior years	(0.2)	-	(0.2)	(0.5)	-	(0.5)
Total deferred tax:	**(7.8)**	**-**	**(7.8)**	**(4.8)**	**17.6**	**12.8**
Total taxation (charge)/credit	**(10.4)**	**2.0**	**(8.4)**	**(4.7)**	**16.6**	**11.9**

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Consolidated Statement of Other Comprehensive Income

	2019 €m	2018 €m
Deferred tax related to items recognised in Other Comprehensive Income during the year:		
Net loss/(gain) on revaluation of cash flow hedges	1.6	(0.6)
Net loss on remeasurement of defined benefit scheme	0.2	0.2
Taxation credited/(charged) to Other Comprehensive Income	**1.8**	**(0.4)**

The tax charges for the year can be reconciled to the profit per the Income Statement as follows:

	2019 €m	2018 €m
Accounting profit/(loss) before income tax	55.7	(108.4)
At the statutory – income tax rate of 19% (2018 - 19%)	(10.5)	20.6
Non taxable foreign exchange on debt	(0.5)	0.5
Utilisation of tax losses on which no deferred tax asset was recognised	2.3	3.4
Other	(3.1)	(2.2)
Effect of lower tax rates on overseas earnings	3.0	(10.2)
Impact of rate change on deferred tax	0.5	0.3
Adjustments in respect of previous years	(0.1)	(0.5)
Tax (charge)/credit	**(8.4)**	**11.9**

The deferred tax included in the balance sheet at 31 March 2019 and 2018 is as follows:

Current tax:	**Accelerated capital allowances €m**	**Losses available for offset against future taxable income €m**	**Loan interest €m**	**Pension obligation €m**	**Revaluation on cash flow hedges €m**	**Other €m**	**Total €m**
As at 1 April 2017	**(17.8)**	**12.8**	**17.5**	**-**	**1.7**	**(2.5)**	**11.7**
Credit/(charge) to income statement	13.2	0.3	(0.2)	(0.2)	-	(0.3)	12.8
Credit/(charge) to equity	-	-	-	0.2	(0.6)	(0.2)	(0.6)
Foreign exchange	(0.2)	(0.2)	(0.1)	-	(0.1)	0.3	(0.3)
As at 31 March 2018	**(4.8)**	**12.9**	**17.2**	**-**	**1.0**	**(2.7)**	**23.6**
(Charge)/credit to income statement	(3.6)	0.5	(3.8)	(0.2)	-	(0.7)	(7.8)
Credit to equity	-	-	-	0.2	1.6	-	1.8
Foreign exchange	-	0.2	-	-	-	-	0.2
As at 31 March 2019	**(8.4)**	**13.6**	**13.4**	**-**	**2.6**	**(3.4)**	**17.8**

Certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2019 €m	2018 €m	2017 €m
Deferred tax assets	29.7	31.1	32.0
Deferred tax liabilities	(11.9)	(7.5)	(20.3)
Net deferred tax assets	**17.8**	**23.6**	**11.7**

Current and deferred tax have been calculated using standard rates of corporation tax in the UK being the prevalent rates of corporation tax of the Group. UK deferred tax has been calculated at 17% as at 31 March 2019 reflecting HMRC enactment, in September 2016, of a reduction in the corporation tax rate effective from 1 April 2020. RoI deferred tax has been calculated at 12.5% as at 31 March 2019.

A deferred tax asset of €36.0m (2018 - €37.2m, 2017 - €43.4m) has not been recognised in relation to €195.2m (2018 - €201.4m, 2017 - €221.0m) of tax losses carried forward and €21.2m (2018 - €22.0m, 2017 - €40.9m) of interest on which no tax relief has yet been claimed, due to uncertainty regarding the quantum of future taxable profits in the companies concerned.

12. PROPERTY, PLANT AND EQUIPMENT

	Thermal generation assets €m	Renewable generation assets €m	Freehold operational land €m	Fixtures and equipment €m	Total €m
Cost or valuation: **At 1 April 2017**	**469.0**	**347.9**	**15.4**	**17.8**	**850.1**
Exchange adjustment	-	(4.6)	-	(0.3)	(4.9)
Additions	0.1	67.1	2.0	1.1	70.3
Increase in decommissioning provision	0.1	-	-	-	0.1
Acquisition of subsidiaries	-	4.0	-	-	4.0
Transfer to intangible assets	-	-	-	(4.0)	(4.0)
At 31 March 2018	**469.2**	**414.4**	**17.4**	**14.6**	**915.6**
Exchange adjustment	-	4.4	-	0.2	4.6
Additions	4.5	64.8	1.6	0.9	71.8
(Decrease)/Increase in decommissioning provision	(0.2)	1.2	-	-	1.0
Acquisition of subsidiaries	-	1.5	-	-	1.5
At 31 March 2019	**473.5**	**486.3**	**19.0**	**15.7**	**994.5**
Depreciation and impairment: **At 1 April 2017**	**250.8**	**8.3**	**-**	**8.9**	**268.0**
Exchange adjustment	-	(0.1)	-	(0.2)	(0.3)
Impairment charge	140.3	-	-	-	140.3
Depreciation charge for the year	16.6	15.8	-	1.7	34.1
At 31 March 2018	**407.7**	**24.0**	**-**	**10.4**	**442.1**
Exchange adjustment	-	0.6	-	0.2	0.8
Depreciation charge for the year	17.1	20.1	-	0.5	37.7
At 31 March 2019	**424.8**	**44.7**	**-**	**11.1**	**480.6**
Net book value:					
At 1 April 2017	218.2	339.6	15.4	8.9	582.1
At 31 March 2018	61.5	390.4	17.4	4.2	473.5
At 31 March 2019	**48.7**	**441.6**	**19.0**	**4.6**	**513.9**

(i) Included in renewable generation assets are amounts in respect of assets under construction amounting to €32.6m (2018 - €63.6m, 2017 €106.6m) and capitalised interest of €1.5m (2018 - €1.8m, 2017 - €7.8m).

(ii) The prior year reflects an impairment of the property, plant and equipment of the Huntstown plants of €140.3m associated with the impact of the new I-SEM market.

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13. INTANGIBLE ASSETS

	Software costs €m	Customer acquisition costs €m	Renewable development assets €m	Emission allowances & ROCs €m	Goodwill €m	Total €m
Cost: At 1 April 2017	**40.2**	**5.6**	**38.6**	**56.6**	**542.6**	**683.6**
Exchange adjustment	(0.8)	-	(0.9)	(2.3)	(13.2)	(17.2)
Additions	10.4	4.1	-	120.3	-	134.8
Disposals/surrenders in settlement of obligations	-	-	-	(112.6)	-	(112.6)
Acquisition of subsidiaries	-	-	5.2	-	-	5.2
Transfer from tangible fixed assets	4.0	-	-	-	-	4.0
At 31 March 2018	**53.8**	**9.7**	**42.9**	**62.0**	**529.4**	**697.8**
Exchange adjustment	1.2	-	0.7	0.5	9.2	11.6
Additions	12.4	2.9	-	133.4	-	148.7
Disposals/surrenders in settlement of obligations	(0.3)	-	-	(119.1)	-	(119.4)
Acquisition of subsidiaries	-	-	3.7	-	-	3.7
At 31 March 2019	**67.1**	**12.6**	**47.3**	**76.8**	**538.6**	**742.4**
Amortisation and impairment: At 1 April 2017	**30.2**	**0.3**	**0.2**	**-**	**1.6**	**32.3**
Exchange adjustment	(0.7)	-	-	-	-	(0.7)
Amortisation	2.2	3.6	0.9	-	-	6.7
At 31 March 2018	**31.7**	**3.9**	**1.1**	**-**	**1.6**	**38.3**
Exchange adjustment	0.6	-	(0.2)	-	-	0.4
Amortisation	4.2	3.8	1.5	-	-	9.5
At 31 March 2019	**36.5**	**7.7**	**2.4**	**-**	**1.6**	**48.2**
Net book value:						
At 1 April 2017	10.0	5.3	38.4	56.6	541.0	651.3
At 31 March 2018	22.1	5.8	41.8	62.0	527.8	659.5
At 31 March 2019	**30.6**	**4.9**	**44.9**	**76.8**	**537.0**	**694.2**

(i) Included in Emission allowances and ROCs at 31 March 2019 is an amount of €5.5m (2018 - €4.6m) relating to self-generating ROCs which were initially recognised at fair value of €5.5m (2018 - €4.6m).
(ii) Customer acquisition costs relate to the capitalisation of incremental customer acquisition costs, arising on adoption of IFRS 15 per note 35.

14. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

The carrying amount of the Group's goodwill has been allocated to the following CGUs:

CGU	2019 €m	2018 €m	2017 €m
Customer Solutions - Energia	390.8	384.1	393.7
Customer Solutions – Power NI	146.2	143.7	147.3
Total goodwill	**537.0**	**527.8**	**541.0**

The recoverable amount of the goodwill allocated to the Customer Solutions businesses (Energia and Power NI) together with the property, plant and equipment of each CGU, has been determined based on a value in use calculation using cash flow projections from the Group's five year business plan presented to the Board together with a long term growth rate of 2% applied thereafter.

The Group's business model is based on past experience and reflects the Group's forward view of market prices, risks and its strategic objectives. The recoverable amount is compared to the carrying amount of the CGU to determine whether the CGU is impaired.

Key assumptions used in value in use calculations

The key assumptions used for the value in use calculations are as follow:

Discount rates

The pre-tax discount rate used in the calculation of the value in use for the CGUs was between 7.5% and 7.9% (2018 – 7.3% and 7.7%) reflecting management's estimate of the Weighted Average Cost of Capital (WACC) post-tax rate required to assess operating performance and to evaluate future capital investment proposals.

These rates reflect market projections of the risk-free rate in the jurisdictions in which the Group operates, equity risk premiums and the cost of debt appropriate to the industry.

Energia Customer Solutions CGU

The key assumptions on which the cash flow projections of this CGU are based are as follows:

(i) Retail supply revenues for electricity and gas are based on the expected market share derived from the market share at the time of the approval of the business model adjusted for forecasted growth. Growth in business customer numbers is modest and growth in respect of residential supply is moderate with cash flows associated with increased customer service and customer acquisition incorporated accordingly;

(ii) Retail supply margins are based on historic and projected gross margin percentages.

Outcome of Tests:

The recoverable amount of the Energia Customer Solutions CGU exceeded the respective carrying value at the time of the impairment test. While cash flows are subject to inherent uncertainty, reasonable possible changes in the key assumptions applied in assessing the value in use would not cause a change to the conclusion reached.

Power NI Customer Solutions CGU

The key assumptions on which the cash flow projections of this CGU are based are as follows:

(i) Regulated revenues and margins are underpinned by the regulatory price control in place to 31 March 2021;

(ii) Customer attrition is assumed, however the nature of the price control with regulated entitlement 70% fixed and 30% variable reduces the impact of customer losses; and

(iii) Unregulated retail supply margins for business customers are based on historic and projected gross margin percentages.

Outcome of Tests:

The recoverable amount of the Power NI Customer Solutions CGU exceeded the respective carrying value at the time of the impairment test. While cash flows are subject to inherent uncertainty, reasonable possible changes in the key assumptions applied in assessing the value in use would not cause a change to the conclusion reached.

15. INVESTMENT IN ASSOCIATES

At 31 March 2018 and 2019 the Group had a 25% interest in Eco Wind Power Limited (EWP) and at 31 March 2018 the Group had a 20% interest in IIF Cyclone NI Holdco Limited (IIF Cyclone) (collectively, the "Associates"). In December 2018, the Group disposed of its 20% share in IIF Cyclone which resulted in a profit on disposal of €5.2m and cash proceeds of €9.8m.

EWP is incorporated in the Republic of Ireland and carries on the business of wind farm generation. IIF Cyclone is incorporated in Northern Ireland and carries on the business of wind farm generation.

The Group's interests in the Associates are accounted for using the equity method in the consolidated financial statements. Under their project finance facilities, distributions can only be made by the Associates when specific debt service cover ratio or other threshold levels have been achieved.

The following table illustrates the summarised financial information of the Group's investment in EWP at 31 March 2019 and IIF Cyclone up to the date of disposal:

Balance Sheet	**As at 31 March 2019 €m**	As at 31 March 2018 €m	As at 31 March 2017 €m
Goodwill	5.8	9.5	9.6
Current assets	4.2	11.1	8.7
Non-current assets	40.2	92.7	97.6
Derivative liabilities	(0.3)	(4.8)	(7.0)
Current liabilities	(21.4)	(21.2)	(18.2)
Non-current liabilities	(74.9)	(129.9)	(129.2)
Equity	**(46.4)**	**(42.6)**	**(38.5)**
Proportion of the Group's share of equity excluding goodwill	(13.0)	(13.1)	(13.0)
Goodwill	5.8	9.5	9.6
Loan to associates	10.1	11.3	10.6
Carrying amount of the investment	**2.9**	**7.7**	**7.2**

Income Statement	Year ended 2019 €m	Year ended 2018 €m
Revenue	15.2	19.9
Operating profit	2.5	5.4
Finance costs	(6.7)	(8.2)
Loss before tax	(4.2)	(2.8)
Taxation	-	-
Loss for the year	**(4.2)**	**(2.8)**
Other comprehensive income		
Net movement in cash flow hedges	**4.5**	**2.1**
Total comprehensive income / (expense) for the year	**0.3**	**(0.7)**
Group's share of loss for the year	**(1.0)**	**(0.7)**
Group's share of other comprehensive income for the year	**0.9**	**0.5**

16. BUSINESS COMBINATIONS AND DISPOSALS

Acquisitions in 2019

In May 2018, the Group acquired 100% of the shares of CEHL (Dublin) Bioenergy Limited together with its subsidiary Huntstown Bioenergy Limited (Huntstown AD), an anaerobic digestion company in North Dublin. The total consideration for the acquisition was €0.5m cash and €2.7m discounted contingent consideration (€3.0m undiscounted).

In February 2019, the Group acquired 100% of the shares of Coolberrin Wind Limited (Coolber-rin), an unlisted wind farm company in County Cavan. The total consideration for the acquisition was €0.4m discounted contingent consideration (€0.5m undiscounted).

The acquisitions contribute towards the Group's aim of growing its renewable generation business in Ireland.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Huntstown AD and Coolberrin acquired in 2018/19 were:

	Fair value recognised on acquisitions in 2019 €m
Assets	
Property, plant and equipment	1.5
Other receivables	0.2
	1.7
Liabilities	
Other payables	(0.9)
Trade creditors and accruals	(0.4)
Shareholder loans	(0.5)
Total identifiable net liabilities at fair value	**(0.1)**
Intangible assets (development assets) arising on acquisition	3.7
Purchase consideration transferred	**3.6**
Purchase consideration made up of:	
Cash	0.5
Contingent consideration	3.1
	3.6
Analysis of cash flows on acquisition:	
Cash	0.5
Discharge of liabilities	1.1
Acquisition costs	0.2
Net cash flows on acquisition	**1.8**

Transaction costs of €0.2m were expensed in the year ended 31 March 2019.
Huntstown AD and Coolberrin are not operational and are currently under development.

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Contingent consideration

On the acquisition of Huntstown AD, contingent consideration of €2.7m was recognised and reflects the present value of the maximum amount payable, with the minimum amount payable being €nil. Contingent consideration is expected to be paid in 2019/20 when construction and commissioning of the plant is achieved.

On the acquisition of Coolberrin, contingent consideration of €0.4m was recognised and reflects the present value of the maximum amount payable, with the minimum amount payable being €nil. Contingent consideration is expected to be paid in 2021/22 when construction and commissioning of the plant is achieved.

During the year, a payment of €21.4m (2018 - €nil) was made reflecting payment of contingent consideration of €17.2m for Cornavarrow, Slieveglass and Teiges and payment of €4.2m for pre-acquisition services of Cornavarrow and Teiges following commissioning of the wind farms.

Disposals in 2019

During the year The Group disposed of its 20% interest in IIF Cyclone Holdco Limited (IIF Cyclone) and recognised a gain on disposal of €5.2m.

17. GROUP INFORMATION

Principal investments in which the Group held 100% of ordinary shares at 31 March 2019 are listed below:

Name	Principal Activities	Country of incorporation
Regulated businesses		
Power NI Energy Limited *1	Power procurement and supply of electricity	Northern Ireland
Energia Group (excluding renewable assets)		
Energia Group ROI Holdings DAC *	Holding company	Republic of Ireland
Energia NI Holdco Limited *	Holding company	Northern Ireland
Power and Energy Holdings (RoI) Limited *	Holding company	Republic of Ireland
GenSys Power Limited (trading as GenSys) *	Operating and maintenance services	Republic of Ireland
Huntstown Power Company Limited *	Electricity generation	Republic of Ireland
Energia Power Generation Limited *	Electricity generation	Republic of Ireland
Energia Customer Solutions NI Limited *	Energy supply	Northern Ireland
Energia Customer Solutions Limited *	Energy supply	Republic of Ireland
Energia renewable assets		
Energia Renewables Company 1 Limited *	Holding company	Northern Ireland
Energia Renewables Company 2 Limited *	Holding company	Northern Ireland
Energia Renewables Company 3 Limited *	Holding company	Northern Ireland
Energia Renewables Company 4 Limited *	Holding company	Northern Ireland
Altamuskin Windfarm Limited *2	Renewable generation	Northern Ireland
Clondermot Wind Limited *2	Renewable generation	Northern Ireland
Eshmore Ltd *2	Renewable generation	Northern Ireland
Gortfinbar Windfarm Limited *2	Renewable generation	Northern Ireland
Long Mountain Wind Farm Limited *2	Renewable generation	Northern Ireland
Mosslee Limited *2	Renewable generation	Northern Ireland
Thornog Windfarm Ltd *2	Renewable generation	Northern Ireland
Wheelhouse Energy (NI) Limited *2	Renewable generation	Northern Ireland
Cornavarrow Windfarm Limited *2	Renewable generation	Northern Ireland
Slieveglass Wind Farm Limited *	Renewable generation	Northern Ireland
Teiges Mountain Wind Farm Limited *2	Renewable generation	Northern Ireland

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Eshmore Wind Limited *	Holding company	Republic of Ireland
Energia Renewables Development Limited *	Holding company	Republic of Ireland
Energia Renewables ROI Limited *	Holding company	Republic of Ireland
Energia Bioenergy Limited *	Holding company	Republic of Ireland
Holyford Windfarm Limited *2	Renewable generation	Republic of Ireland
Windgeneration Ireland Limited *2	Renewable generation	Republic of Ireland
MD South Windfarm Limited *	Renewable development	Republic of Ireland
Whaplode Limited *	Renewable development	Republic of Ireland
Huntstown Bioenergy Limited *	Renewable development	Republic of Ireland
Coolberrin Wind Limited *	Renewable development	Republic of Ireland
Dargan Road Biogas Limited *	Renewable development	Northern Ireland

Other		
Energia Group Fundco I Limited	Holding company	Cayman Islands
Energia Group Fundco II Limited *	Holding company	Cayman Islands
Energia Group Fundco III Limited *	Holding company	Cayman Islands
EI Ventures Limited *	Holding company	Great Britain
ElectricInvest Acquisitions Limited *	Holding company	Great Britain
ElectricInvest Holding Company Limited *	Holding company	Great Britain
Energia Group NI Holdings Limited *	Holding company	Northern Ireland
Energia Holdco 1 Limited *	Holding company	Northern Ireland
ElectricInvest (Lux) RoI S.à.r.l. *	Holding company	Grand Duchy of Luxembourg
Energia Capital Limited *	Holding company	Northern Ireland
Viridian Enterprises Limited *	Holding company	Northern Ireland
Energia Properties Limited *	Property	Northern Ireland
Energia Group Insurance Limited *	Insurance	Isle of Man
Energia Group NI FinanceCo plc *	Financing company	Northern Ireland

* held by a subsidiary undertaking.
[1] consists of the operating businesses of Power NI and PPB.
[2] entities with project finance facilities with restricted cash which are subject to bi-annual distribution debt service requirements.

The parent undertaking of the Company is Energia Group TopCo Limited, a company incorporated in the Cayman Islands.

18. OTHER FINANCIAL ASSETS

	2019 €m	2018 €m	2017 €m
Other financial assets			
Financial assets at amortised cost:			
Security deposits	11.6	4.6	2.8
Short term managed funds	1.5	1.5	1.6
	13.1	**6.1**	**4.4**
Financial instruments held to maturity:			
Viridian Growth Fund	-	0.1	0.1
Total other financial assets	**13.1**	**6.2**	**4.5**
Total non-current	**-**	**0.1**	**0.1**
Total current	**13.1**	**6.1**	**4.4**

Financial assets held at amortised costs are held to maturity and generate a fixed or variable interest income for the Group.

The carrying value is expected to be impacted by changes in credit risk.

19. TRADE AND OTHER RECEIVABLES

	2019 €m	2018 €m	2017 €m
Trade receivables (including unbilled consumption)	200.4	201.8	160.1
Contract assets (accrued income)	20.4	22.2	27.1
Prepayments	3.1	3.7	2.7
Other receivables	5.1	4.0	0.5
	229.0	**231.7**	**190.4**
Allowance for expected credit losses	(12.6)	(13.6)	(14.9)
	216.4	**218.1**	**175.5**

Trade receivables are non-interest bearing and are generally on terms of 14 to 90 days.

Contract assets (accrued income) settled in the year amounted to €22.2m (2018: €27.1m). As at 31 March 2019, the Group has contract assets (accrued income) of €20.4m (2018: €22.2m; 2017 €27.1m), which are net of any allowance for expected credit losses.

See below for the movements in the provision for impairment of receivables.

	€m
At 1 April 2017	**14.9**
Foreign exchange adjustment	(0.2)
Provision for expected credit losses	1.9
Write off	(3.0)
At 31 March 2018	**13.6**
Foreign exchange adjustment	0.2
Provision for expected credit losses	2.2
Write off	(3.4)
At 31 March 2019	**12.6**

As at 31 March, the ageing analysis of trade receivables is as follows:

	2019				2018			
	Gross amount receivable €m	**Allowance for expected credit losses €m**	**Net amount receivable €m**	**ECL %**	Gross amount receivable €m	Allowance for expected credit losses €m	Net amount receivable €m	ECL %
Current	123.6	(0.7)	122.9	0.6%	125.9	(0.6)	125.3	0.5%
< 30 days	46.2	(0.7)	45.5	1.5%	47.2	(0.7)	46.5	1.5%
30 - 60 days	11.6	(0.6)	11.0	5%	10.4	(0.6)	9.8	6%
61 - 90 days	6.0	(0.6)	5.4	10%	5.0	(0.6)	4.4	12%
> 90 days	13.0	(10.0)	3.0	77%	13.3	(11.1)	2.2	83%
Total	**200.4**	**(12.6)**	**187.8**	**6.3%**	**201.8**	**(13.6)**	**188.2**	**6.7%**

The credit quality of trade receivables that are current is assessed by reference to external credit ratings where available otherwise historical information relating to counterparty default rates combined with current knowledge of the counterparty is used.

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20. CASH AND CASH EQUIVALENTS

	2019 €m	2018 €m	2017 €m
Cash at bank and on hand	70.3	43.5	39.0
Short-term bank deposits	126.3	100.5	101.5
	196.6	**144.0**	**140.5**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

At 31 March 2019, the Group had available €81.4m (2018 - €124.6m, 2017 - €152.7m) of undrawn committed borrowing facilities relating to the Senior revolving credit facility and €nil (2018 - €28.1m, 2017 - €11.3m) of undrawn committed borrowing facilities relating to the project finance facilities. There were no cash drawings under the Senior revolving credit facility at 31 March 2019 (2018 - €nil). €31.2m (2018 - €28.4m, 2017 - €15.7m) of cash was restricted in the project financed wind farms and is subject to bi-annual distribution debt service requirements.

21. TRADE AND OTHER PAYABLES

	2019 €m	2018 €m	2017 €m
Trade creditors	123.9	89.5	58.3
Other creditors	63.0	50.8	41.1
Amounts owed to associate	1.0	2.7	2.5
Contract liabilities (payments on account)	29.2	26.8	28.9
Tax and social security	10.2	13.3	10.5
Accruals	194.1	186.3	165.2
	421.4	**369.4**	**306.5**

Trade creditors are non-interest bearing and are normally settled within 45 day terms.

Contract liabilities relate to payments on account from customers for the supply of electricity.

The amounts included in contract liabilities are current in nature and are recognised in revenue within 12 months.

22. FINANCIAL LIABILITIES

	2019 €m	2018 €m	2017 €m
Current financial liabilities:			
Senior secured notes interest payable	1.2	1.2	3.8
Other interest payable	0.8	0.8	0.9
Project financed bank facilities (NI)	9.9	7.1	4.4
Project financed bank facilities (RoI)	13.1	12.0	11.5
Project finance interest accruals	0.1	0.4	-
Contingent consideration	5.7	21.1	-
Other payables	-	4.0	-
Total current financial liabilities	**30.8**	**46.6**	**20.6**
Non-current financial liabilities:			
Senior secured notes €350m (2025)	344.7	344.0	-
Senior secured notes £225m (2024)	257.3	252.2	-
Senior secured notes €600m (2020)	-	-	593.4
Project financed bank facilities (NI)	214.1	166.8	116.7
Project financed bank facilities (RoI)	98.9	108.6	109.7
Contingent consideration	0.4	-	16.3
Other payables	-	-	3.0
Total non-current financial liabilities	**915.4**	**871.6**	**839.1**
Total current and non-current financial liabilities	**946.2**	**918.2**	**859.7**

The carrying value of the Senior secured notes include unamortised costs of €9.2m (2018 €10.4m, 2017 €6.5m).

The Senior secured notes (2024) are denominated in Sterling £225.0m (Sterling notes) and the Senior secured notes (2025) are denominated in Euro €350.0m (Euro notes). Interest, which is payable semi-annually, is charged at a fixed rate coupon of 4.75% for the Sterling notes and 4.0% for the Euro notes. The Sterling notes are repayable in one instalment on 15 September 2024 and the Euro notes are repayable in one instalment on 15 September 2025. Both Senior secured notes (2024 and 2025) include an option for the period to 15 September 2020 to redeem annually up to 10% of the original principal at a redemption price of 103%.

At 31 March 2019, the Group had letters of credit issued out of the Senior revolving credit facility

of €179.7m resulting in undrawn committed facilities of €81.4m (31 March 2018 - €124.6m, 2017 - €152.7m). There were no cash drawings under the Senior revolving credit facility at 31 March 2019 (31 March 2018 - €nil, 2017 - €nil). Interest is charged under the Senior revolving credit facility at floating interest rates based on Libor and Euribor.

Project financed bank facilities

The project financed bank loan facilities are repayable in semi-annual instalments to 2034 and are secured on a non-recourse basis over the assets and shares of the specific project finance companies. Interest on the project finance bank loan facilities has been predominantly fixed through interest rate swaps resulting in an effective rate of interest of 3.76% (2018 - 3.95%, 2017 – 4.09%) on project financed bank facilities NI and 2.63% (2018 – 2.83%, 2017 – 2.72%) on the project financed bank facilities RoI.

Contingent consideration

In July 2017, the Group completed the acquisition of Dargan Road Biogas Limited, a 3.6MW anaerobic digestion development project at Giant's Park in Belfast. On acquisition contingent consideration of €2.8m was recognised reflecting the present value of maximum amount payable, with the minimum amount payable being €nil. Contingent consideration relates to the execution of a lease option and the grant of planning and is anticipated to be paid in 2019/20.

In May 2018, the Group acquired 100% of the shares of CEHL (Dublin) Bioenergy Limited together with its subsidiary Huntstown Bioenergy Limited (Huntstown AD), a 4.0MW anaerobic digestion facility in North Dublin On acquisition contingent consideration of €2.7m was recognised and reflects the present value of the maximum amount payable, with the minimum amount payable being €nil. Contingent consideration is expected to be paid in 2019/20 when construction and commissioning of the plant is achieved.

In February 2019, the Group acquired 100% of the shares of Coolberrin Wind Limited (Coolberrin), an unlisted wind farm company in County Cavan. On acquisition, contingent consideration of €0.4m was recognised and reflects the present value of the maximum amount payable, with the minimum amount payable being €nil. Contingent consideration is expected to be paid in 2021/22 when construction and commissioning of the plant is achieved.

During the year, €17.2m was paid in relation to the contingent consideration of Cornavarrow, Slieveglass and Teiges, with the remaining balance of €1.8m being released to the income statement.

Other payables

Other payables of €4.2m were paid during the year in relation to the pre-acquisition services of Cornavarrow and Teiges.

23. DEFERRED INCOME

	2019 €m	2018 €m	2017 €m
At 1 April	**-**	**-**	**0.4**
Released to the income statement	-	-	(0.4)
At 31 March	**-**	**-**	**-**
Current	**-**	**-**	**-**

The deferred income arises from contributions in respect of certain property, plant and equipment assets.

24. PENSIONS AND OTHER POST- EMPLOYMENT BENEFIT PLANS

	2019 €m	2018 €m	2017 €m
Net employee defined benefit liability (before deferred tax)	**-**	**-**	**-**

The EGPS has two sections: a money purchase section (known as 'Options') and a defined benefit section (known as 'Focus'). The defined benefit section is closed to new entrants. There is also a money purchase arrangement for employees in the RoI known as 'Choices'. Most employees of the Group are members of the EGPS Options or Choices.

The assets of the Focus section are held under trust and invested by the trustees on the advice of professional investment managers.

The regulatory framework in the UK requires the Trustees and the Group to agree upon the assumptions underlying the funding target, and then to agree upon the necessary contributions required to recover any deficit at the valuation date. There is a risk to the Group that adverse experience could lead to a requirement for the Group to make further contributions to recover any deficit.

The Trustees regularly review the investment strategy of the EGPS and target to maintain the mix of investments between 45% on-risk and 55% off-risk.

The last actuarial valuation of the EGPS was as at 31 March 2018 and under the terms of the recovery plan agreed with the trustees, the Group will make good the €7.0m funding shortfall through annual deficit repair contributions of €1.45m for six years.

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The following tables summarise the components of net benefit expense recognised in the income statement and the funded status and amounts recognised in the balance sheet for the EGPS:

EGPS Focus Section

Changes in the defined benefit obligation, fair value of Focus assets and unrecognised past service costs are as follows:

	2019 €m	2018 €m	2017 €m
Market value of assets at 1 April	**59.7**	**58.1**	**51.8**
Interest income	1.5	1.4	1.5
Contributions from employer	2.1	2.2	2.4
Contributions from scheme members	0.1	0.1	0.1
Benefits paid	(2.3)	(1.0)	(1.3)
Return on plan assets (excluding amounts in the net interest expense)	1.5	0.4	7.6
Foreign exchange	1.1	(1.5)	(4.0)
Market value of assets at 31 March	**63.7**	**59.7**	**58.1**
Actuarial value of liabilities at 1 April	**59.7**	**58.2**	**51.9**
Interest cost	1.5	1.4	1.5
Current service cost	1.0	0.9	0.9
Contributions from scheme members	0.1	0.1	0.1
Past service cost	0.1	-	0.1
Benefits paid	(2.3)	(1.0)	(1.3)
Actuarial loss arising from changes in financial assumptions	1.5	2.0	8.9
Actuarial loss/(gain) from experience	0.5	(0.4)	-
Actuarial loss from change in demographic assumptions	0.5	-	-
Foreign exchange	1.1	(1.5)	(4.0)
Actuarial value of liabilities at 31 March	**63.7**	**59.7**	**58.1**
Net pension liability	-	-	-
Analysis of amounts recognised in employee costs:			
Current service cost	(1.0)	(0.9)	(0.9)
Past service cost	(0.1)	-	(0.1)
	(1.1)	**(0.9)**	**(1.0)**

	2019 €m	2018 €m	2017 €m
Analysis of amounts recognised in other comprehensive income:			
Return on plan assets (excluding amounts in the net interest expense)	1.5	0.4	7.6
Actuarial loss arising from changes in assumptions	(2.5)	(1.6)	(8.9)
	(1.0)	**(1.2)**	**(1.3)**

In accordance with IFRIC 14 – "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" no liability (2018 - nil) has been recognised in 2019.

The actual return in Focus assets for 2019 amounted to €3.0m (2018 - €1.8m, 2017 - €9.1m).

The major categories of Focus assets of the fair value of the total plan assets are, as follows:

	EGPS Focus Section		
	2019 €m	2018 €m	2017 €m
Unquoted investments:			
Equity investments	18.1	16.7	16.4
Bonds	33.9	31.3	30.7
Other	11.7	11.7	11.0
Total assets	**63.7**	**59.7**	**58.1**

The principal assumptions used in determining pension and post-employment medical benefit obligations for the EGPS Focus are shown below:

	2019	2018	2017
Rate of increase in pensionable salaries	3.3% p.a.	3.4% p.a.	2.9% p.a
Rate of increase in pensions in payment	2.6% p.a.	2.7% p.a.	2.4% p.a
Discount rate	2.4% p.a.	2.6% p.a.	2.5% p.a
Inflation assumption (based on CPI)	2.6% p.a.	2.7% p.a.	2.4% p.a
Life expectancy:			
current pensioners (at age 60) – males	27.0 years	25.9 years	25.9 years
current pensioners (at age 60) – females	29.1 years	28.6 years	28.6 years
future pensioners (at age 60) – males	28.5 years	27.8 years	27.8 years
future pensioners (at age 60) – females	30.7 years	30.6 years	30.6 years

The life expectancy assumptions are based on standard actuarial mortality tables and include an allowance for future changes in life expectancy.

A quantitative sensitivity analysis for significant assumptions as at 31 March is as shown below:

Assumptions	Sensitivity level	Impact on net defined benefit obligation Increase/(decrease)		
		2019 €m	2018 €m	2017 €m
Pensionable salaries	1% increase	1.2	1.4	1.6
	1% decrease	(1.1)	(1.3)	(1.5)
Pension payments	0.5% increase	5.4	4.9	4.7
	0.5% decrease	(4.8)	(4.0)	(4.2)
Discount rate	0.5% increase	(5.2)	(6.1)	(5.0)
	0.5% decrease	6.0	5.7	5.7
Inflation	1% increase	12.0	10.3	9.9
	1% decrease	(9.6)	(8.8)	(7.9)
Life expectancy of male pensioners	Increase by 1 year	1.2	1.0	0.9
	Decrease by 1 year	(1.2)	(1.0)	(0.9)
Life expectancy of female pensioners	Increase by 1 year	0.6	0.6	0.6
	Decrease by 1 year	(0.6)	(0.6)	(0.6)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to be made in the future years towards the defined benefit plan obligation:

	2019 €m	2018 €m	2017 €m
Within the next 12 months (next annual reporting period)	2.2	2.2	2.4
Between two and five years	8.5	7.3	9.6
Between five and ten years	1.5	3.7	4.6
Total expected payments	**12.2**	**13.2**	**16.6**

The average duration of the defined benefit plan obligation at the end of the reporting period is 18 years (2018 - 20 years).

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25. PROVISIONS

	Decommissioning Total €m
At 1 April 2017	**13.3**
New plant commissioned	1.4
Unwinding of discount	0.3
At 31 March 2018	**15.0**
New plant commissioned	0.9
Unwinding of discount	0.3
Changes in the discount rate	0.1
At 31 March 2019	**16.3**
Non-current	**16.3**

Decommissioning

Provision has been made for decommissioning generation assets. The provision represents the present value of the current estimated costs of closure of the plants at the end of their useful economic lives.

The provisions have been discounted using a weighted average rate of 1.994% (2018 – 1.978%) and are expected to be utilised within a period not exceeding nineteen years.

26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Derivative financial assets

	2019 €m	2018 €m	2017 €m
Derivatives at fair value through other comprehensive income			
Cash flow hedges:			
Foreign exchange forward contracts	3.5	1.6	1.8
Commodity swap contracts	16.7	3.6	1.4
Interest rate swap contracts	0.4	2.8	2.0
Total derivatives at fair value through other comprehensive income	**20.6**	**8.0**	**5.2**
Derivatives at fair value through profit and loss			
Derivatives not designated as hedges:			
Foreign exchange forward contracts	1.5	0.2	27.7
Commodity swap contracts	3.0	10.4	2.3
Total derivatives at fair value through profit and loss	**4.5**	**10.6**	**30.0**
Total derivative financial assets	**25.1**	**18.6**	**35.2**
Total non-current	**2.7**	**6.0**	**23.4**
Total current	**22.4**	**12.6**	**11.8**

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Derivative financial liabilities

	2019 €m	2018 €m	2017 €m
Derivatives at fair value through other comprehensive income			
Cash flow hedges:			
Foreign exchange forward contracts	(1.8)	(1.7)	(3.7)
Commodity swap contracts	(18.8)	(0.8)	(2.3)
Interest rate swap contracts	(16.4)	(11.0)	(15.7)
Total derivatives at fair value through other comprehensive income	**(37.0)**	**(13.5)**	**(21.7)**
Derivatives at fair value through profit and loss			
Derivatives not designated as hedges:			
Foreign exchange forward contracts	(1.0)	(0.4)	(0.5)
Commodity swap contracts	(9.4)	(3.1)	(2.3)
Total derivatives at fair value through profit and loss	**(10.4)**	**(3.5)**	**(2.8)**
Total derivative financial liability	**(47.4)**	**(17.0)**	**(24.5)**
Total non-current	**(31.7)**	**(9.5)**	**(13.3)**
Total current	**(15.7)**	**(7.5)**	**(11.2)**

Hedging activities and derivatives

Cash flow hedges

Cash flow hedges are derivative contracts entered into to hedge a forecast transaction or cash flow risk generally arising from a change in interest rates, commodity rates or foreign currency exchange rates and which meets the effectiveness criteria prescribed by IFRS 9 Financial Instruments. The Group's accounting policy for cash flow hedges is set out in note 3.

Derivative financial liabilities

	2019 €m	2018 €m	2017 €m
Accumulated loss included in equity (excluding associates)	**(16.4)**	**(5.5)**	**(16.5)**

The table below summarises the maturity of cash flow hedges:

Derivative financial assets			
In one year or less	17.9	2.0	2.4
In more than one year but less than five years	2.3	3.3	0.8
In more than five years	0.4	2.7	2.0
Gains through other comprehensive income	**20.6**	**8.0**	**5.2**
Derivative financial liabilities			
In one year or less	(21.4)	(4.0)	(8.5)
In more than one year but less than five years	(11.5)	(7.1)	(9.7)
In more than five years	(4.1)	(2.4)	(3.5)
Losses through other comprehensive income	**(37.0)**	**(13.5)**	**(21.7)**
	(16.4)	**(5.5)**	**(16.5)**

The table below summarises the gains and losses recognised during the year:

	2019 €m	2018 €m
Net (loss)/gain due to remeasurements	**(10.7)**	6.6
Gain/(loss) transferred from equity to the income statement in respect of:		
Completed hedges	**0.2**	(4.4)
Recognised within:		
Operating costs	3.5	(1.0)
Finance costs	(3.3)	(3.4)
	0.2	**(4.4)**

Fair value through profit and loss

The Group has derivative contracts that are not accounted for as hedges under IFRS 9. The table below summarises the gains and losses recognised on these contracts in the income statement during the year.

	2019 €m	2018 €m
Net (loss) / gain due to remeasurements	**(13.0)**	**14.5**

Hedge of net investment in foreign operations

Included in financial liabilities, loans and borrowings at 31 March 2019 was £225.0m (2018 - £225.0m) GBP denominated Senior secured notes. The Group has not designated a hedging relationship between the GBP denominated assets on the Group's balance sheet and the Group's GBP borrowings in the current year.

Fair Values

As indicated in note 3(e) the Group uses the hierarchy as set out in IFRS 7 Financial Instruments: Disclosures for categorising financial instruments.

A summary of the fair values of the financial assets and liabilities of the Group together with their carrying values shown in the balance sheet and their fair value hierarchy is as follows:

	2019 Carrying value €m	**2019 Fair value €m**	2018 Carrying value €m	2018 Fair value €m	2017 Carrying value €m	2017 Fair value €m
Level 1						
Non-current liabilities						
Senior secured notes (2024 and 2025)	(602.0)	(536.7)	(596.2)	(571.0)	-	-
Senior secured notes (2020)	-	-	-	-	(593.4)	(632.7)
Level 2						
Non-current assets						
Viridian Growth Fund	-	-	-	-	0.1	0.1
Non-current liabilities						
Project financed bank facilities (NI)	(214.1)	(214.1)	(166.8)	(166.8)	(116.7)	(116.7)
Project financed bank facilities (RoI)	(98.9)	(98.9)	(108.6)	(108.6)	(109.7)	(109.7)
Level 3						
Non-current liabilities						
Financial liabilities (contingent consideration)	(0.4)	(0.4)	-	-	(16.3)	(16.7)
Other payables	-	-	-	-	(3.0)	(3.0)
Current liabilities						
Financial liabilities (contingent consideration)	(5.7)	(5.7)	(21.1)	(21.1)	-	-
Other payables	-	-	(4.0)	(4.0)	-	-

The carrying value of cash, trade receivables, trade payables and other current assets and liabilities is equivalent to fair value due to the short term maturities of these items. Contingent consideration is estimated as the present value of future cash flows disclosed at the market rate of interest at the reporting date. Derivatives are measured at fair value. There have been no transfers between hierarchy.

The fair value of the Group's project financed bank facilities (RoI), project financed bank facilities (NI) and Senior revolving credit facility are determined by using discounted cash flows based on the Group's borrowing rate. The fair value of the Group's Senior secured notes are based on the quoted market price. The fair value of interest rate swaps, foreign exchange forward contracts, foreign exchange cross currency swaps and commodity contracts has been valued by calculating the present value of future cash flows, estimated using forward rates from third party market price quotations.

The fair value of the Group's project financed bank facilities (RoI) and project financed bank facilities (NI) are a close approximation to their carrying value given that they bear interest at floating rates based on Libor/Euribor.

The fair value of contingent consideration is considered by the Director to fall within the level 3 fair value hierarchy and is measured using the present value of the pay-out associated with earnouts set out in the relevant purchase agreement. The carrying value of €6.1m is estimated to approximate to its fair value determined by using discounted cash flows based on the Company's borrowing rate.

Financial risk management objectives and policies

A summary of the Group's financial management objectives and policies is set out in the financial control section of the Risk Management and Principal Risks and Uncertainties report.

The following table summarises the maturity profile of the Group's trade and other payables, financial liabilities and derivatives based on contractual undiscounted payments:

	Within one year €m	1 to 5 years €m	>5 years €m	Total €m	Carrying Value Total €m
Year ended 31 March 2019					
Trade and other payables (excluding tax and social security)	(411.2)	-	-	(411.2)	(411.2)
Financial liabilities	(65.4)	(231.9)	(914.4)	(1,211.7)	(946.2)
Derivatives at fair value through other comprehensive income	(21.5)	(11.6)	(4.4)	(37.5)	(37.0)
Derivative at fair value through profit and loss	(9.3)	(1.0)	(0.1)	(10.4)	(10.4)
	(507.4)	**(244.5)**	**(918.9)**	**(1,670.8)**	**(1,404.8)**
Year ended 31 March 2018					
Trade and other payables (excluding tax and social security)	(356.1)	-	-	(356.1)	(356.1)
Financial liabilities	(78.3)	(216.6)	(914.8)	(1,209.7)	(918.2)
Derivatives at fair value through other comprehensive income	(4.0)	(7.1)	(2.7)	(13.8)	(13.5)
Derivative at fair value through profit and loss	(3.4)	(0.1)	-	(3.5)	(3.5)
	(441.8)	**(223.8)**	**(917.5)**	**(1,583.1)**	**(1,291.3)**
Year ended 31 March 2017					
Trade and other payables (excluding tax and social security)	(296.0)	-	-	(296.0)	(296.0)
Financial liabilities	(68.0)	(786.8)	(226.9)	(1,081.7)	(859.6)
Derivatives at fair value through other comprehensive income	(8.5)	(9.8)	(3.7)	(22.0)	(21.7)
Derivative at fair value through profit and loss	(2.6)	(0.2)	-	(2.8)	(2.8)
	(375.1)	**(796.8)**	**(230.6)**	**(1,402.5)**	**(1,180.1)**

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows.

However, those amounts may be settled gross or net.

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At 31 March 2019, the Group is exposed to future changes in the fair value of unsettled derivative financial instruments and certain other financial liabilities. The sensitivity analysis for the market risks showing the impact on profit before tax and equity is set out below.

These sensitivities are based on an assessment of market rate movements during the year and each is considered to be a reasonably possible range.

			Impact on profit		Impact on equity	
	Sensitivity	**Change**	**Increase €m**	**Decrease €m**	**Increase €m**	**Decrease €m**
At 31 March 2019						
Foreign exchange forward contracts	Euro exchange rate	+/-10%	-	-	8.2	(6.3)
Gas swaps	price per therm	+/-10p	14.2	(14.2)	14.2	(14.2)
Interest rate swaps	Libor/ Euribor	+/- 0.25%	-	-	5.8	(5.8)
Project financed bank facilities	Libor/ Euribor	+/- 0.25%	0.9	(0.9)	0.9	(0.9)
Senior secured notes denominated in Euro	Euro exchange rate	+/-10%	(26.1)	26.1	(26.1)	26.1
At 31 March 2018						
Foreign exchange forward contracts	Euro exchange rate	+/-10%	-	-	16.3	(16.0)
Gas swaps	price per therm	+/-10p	24.4	(24.4)	25.8	(25.7)
Interest rate swaps	Libor/ Euribor	+/- 0.25%	-	-	5.8	(5.8)
Project financed bank facilities	Libor/ Euribor	+/- 0.25%	0.7	(0.7)	0.7	(0.7)
Senior secured notes denominated in Euro	Euro exchange rate	+/-10%	31.8	(38.9)	31.8	(38.9)
At 31 March 2017						
Foreign exchange forward contracts	Euro exchange rate	+/-10%	(21.7)	26.8	(8.1)	13.3
Gas swaps	price per therm	+/-10p	10.6	(10.6)	18.1	(18.1)
Interest rate swaps	Libor/ Euribor	+/- 0.25%	0.0	0.0	(5.6)	5.6
Project financed bank facilities	Libor/ Euribor	+/- 0.25%	0.2	(0.2)	0.2	(0.2)
Senior secured notes denominated in Euro	Euro exchange rate	+/-10%	54.6	(66.6)	54.6	(66.6)

27. SHARE CAPITAL AND RESERVES

Authorised shares

	2019 Number	2019 £	2018 Number	2018 £
A Ordinary shares of £1 each	46,678	46,678	50,000	50,000
B Ordinary shares of £2 each	905	1,810	-	-
C Ordinary shares of £1 each	1,512	1,512	-	-
	49,095	**50,000**	**50,000**	**50,000**

During the year, in order to issue shares under the MIP the authorised share capital was amended from £50,000 divided into 50,000 shares of a par value of £1.00 each to £50,000 divided into 46,678 A ordinary shares of a par value of £1.00 each, 905 B ordinary shares of a par value of £2.00 each and 1,512 C ordinary shares of a par value of £1.00 each.

Ordinary shares issued and fully paid

	A shares		B shares		C shares	
	Number	**£**	**Number**	**£**	**Number**	**£**
At 31 March 2017 and 2018	4,020	4,020	-	-	-	-
Issued in June 2018	-	-	905	1,810	1,088	1,088
At 31 March 2019	**4,020**	**4,020**	**905**	**1,810**	**1,088**	**1,088**

The issued share capital was increased by £2,898 by the issue of 905 B Ordinary shares of £2 each and 1,088 C Ordinary shares of £1 each under the MIP.

Nature and purpose of reserves

Share capital and share premium

The balances classified as share capital and share premium represents the proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising £1 A ordinary shares, £2 B ordinary shares and £1 C ordinary shares

Capital contribution reserve

This balance relates to capital contributed by the Company's parent undertaking other than through the proceeds of the issue of shares.

Hedge reserve

The hedge reserve is used to record the unrealised gains and losses incurred on derivatives designated as cash flow hedges.

Foreign currency reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Reserves

Analysis by item recognised in other comprehensive income for each component of equity:

	Foreign currency reserve €m	Cash flow hedge reserve €m	Retained earnings €m	Total Equity €m
2019				
Actuarial loss on defined benefit pension schemes (net of tax)	-	-	(0.8)	**(0.8)**
Exchange gain on translation of foreign operations	11.8	-	-	**11.8**
Net loss on cash flow hedges (net of tax)	-	(8.4)	-	**(8.4)**
Other comprehensive income / (expense) for the year	**11.8**	**(8.4)**	**(0.8)**	**2.6**
2018				
Actuarial loss on defined benefit pension schemes (net of tax)	-	-	(1.0)	**(1.0)**
Exchange loss on translation of foreign operations	(18.6)	-	-	**(18.6)**
Net gain on cash flow hedges (net of tax)	-	10.9	-	**10.9**
Other comprehensive (expense)/income for the year	(18.6)	10.9	(1.0)	**(8.7)**

28. NOTES TO GROUP CASH FLOW STATEMENT

	2019 €m	2018 €m
Operating activities		
Profit/(loss) before tax from continuing operations	55.7	(108.4)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	37.7	174.4
Amortisation and impairment of intangible assets	9.5	6.7
Derivatives at fair value through income statement	13.0	(14.5)
Net finance costs	45.8	52.9
Defined benefit charge less contributions paid	(1.1)	(1.3)
Share of loss in associates	1.0	0.7
Profit on disposal of associates	(5.2)	-
Release of contingent consideration	(1.8)	-
Share based payment	0.6	-
Acquisition costs	-	(0.4)
Exceptional finance costs	-	32.0
Cash generated from operations before working capital movements	**155.2**	**142.1**

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29. ANALYSIS OF NET DEBT

	Cash and cash equivalents €m	Short term managed funds €m	Debt due within one year €m	Debt due after more than one year €m	Total €m
At 1 April 2017	**140.5**	**1.6**	**(20.5)**	**(819.8)**	**(698.2)**
Net increase/(decrease) in cash and cash equivalents	5.7	(0.1)	-	-	5.6
Proceeds from issue of borrowings	-	-	-	(677.4)	(677.4)
Repayment of borrowings	-	-	16.0	600.0	616.0
Issue costs on new long term loans	-	-	-	13.5	13.5
Decrease in interest accruals	-	-	2.2	-	2.2
Amortisation	-	-	(0.9)	(7.0)	(7.9)
Reclassifications	-	-	(18.6)	18.6	-
Translation difference	(2.2)	-	0.3	0.5	(1.4)
At 31 March 2018	**144.0**	**1.5**	**(21.5)**	**(871.6)**	**(747.6)**
Net increase in cash and cash equivalents	50.2	-	-	-	50.2
Proceeds from issue of borrowings	-	-	(8.5)	(54.5)	(63.0)
Repayment of borrowings	-	-	24.2	-	24.2
Issue costs on new long term loans	-	-	-	1.2	1.2
Decrease in interest accruals	-	-	0.3	-	0.3
Amortisation	-	-	(1.0)	(1.2)	(2.2)
Reclassifications	-	-	(18.7)	18.7	-
Translation difference	2.4	-	0.1	(7.6)	(5.1)
At 31 March 2019	**196.6**	**1.5**	**(25.1)**	**(915.0)**	**(742.0)**

Reconciliation of liabilities arising from financing activities:

	At 1 April 2017 €m	Cash flows €m	Effects of foreign exchange €m	Other €m	At 31 March 2018 €m
Senior secured notes (2024 and 2025)	-	(593.2)	(2.3)	(0.7)	(596.2)
Senior secured notes (2020)	(593.4)	600.0	(0.2)	(6.4)	-
Project finance facilities	(242.3)	(54.7)	3.3	(0.8)	(294.5)
Interest	(4.6)	-	-	2.2	(2.4)
Total	**(840.3)**	**(47.9)**	**0.8**	**(5.7)**	**(893.1)**

	At 1 April 2018 €m	Cash flows €m	Effects of foreign exchange €m	Other €m	At 31 March 2019 €m
Senior secured notes (2024 and 2025)	(596.2)	-	(4.5)	(1.3)	**(602.0)**
Project finance facilities	(294.5)	(37.6)	(3.0)	(0.9)	**(336.0)**
Interest	(2.4)	-	-	0.3	**(2.1)**
Total	**(893.1)**	**(37.6)**	**(7.5)**	**(1.9)**	**(940.1)**

30. LEASE OBLIGATIONS

Operating lease commitments — Group as lessee

The Group has entered into operating lease arrangements for the hire of equipment and buildings as these arrangements are a cost efficient way of obtaining the short term benefits of these assets. The Group has also entered into operating lease arrangements for land relating to the renewable asset portfolio.

The Group rental charges in respect of these arrangements are disclosed in note 6. The Group's annual commitment under these leases is disclosed below:

Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

	2019 €m	2018 €m	2017 €m
Within one year	2.3	1.6	1.5
After one year but not more than five years	8.4	6.2	6.0
More than five years	25.8	24.6	24.8
	36.5	**32.4**	**32.3**

Availability payments to generators

The Group has also entered into generating contracts with generating companies in Northern Ireland to make payments for the availability of generating capacity as well as for the purchase of electricity generated. The contracts are with AES Ballylumford Limited.

Estimated availability payments to generators, which are dependent on the availability of the generators and are therefore variable in nature are as follows:

	2019 €m	2018 €m	2017 €m
Within one year	32.1	30.1	29.7
After one year but not more than five years	113.5	131.0	125.4
More than five years	-	11.8	43.6
	145.6	**172.9**	**198.7**

In September 2016, PPB exercised its option with AES Ballylumford to extend the term of the Generating Unit Agreements covering 600MW of CCGT capacity by five years to September 2023.

31. COMMITMENTS AND CONTINGENT LIABILITIES

(i) Capital commitments

At 31 March 2019 the Group had contracted future capital expenditure in respect of tangible fixed assets of €22.2m (2018 - €36.8m, 2017 - €21.7m).

(ii) Contingent liabilities

Protected persons

The Group has contingent liabilities in respect of obligations under the Electricity (Protected Persons) Pensions Regulations (Northern Ireland) 1992 to protect the pension rights in respect of certain of its employees who were employees of NIE plc at privatisation. Those Group employees who remain protected by the regulations have their pension rights provided through the Group's occupational pension scheme.

Generating contracts

Under the terms of the PPB generating contracts, where modifications to generating equipment are necessary as a result of a change in law and a generator is unable to procure the necessary financing, PPB must either provide such finance or pay the costs incurred by the generator in carrying out such modifications. The costs incurred by PPB in meeting these obligations are recoverable under the applicable provisions of the Power NI Energy licence, but would require to be financed by PPB until such recovery is achieved. The Group does not anticipate any liability for modifications which require financing and no provision has been made.

Liability and damage claims

In the normal course of business the Group has contingent liabilities arising from claims made by third parties and employees. Provision for a liability is made (as disclosed in note 25) when the director believes that it is probable that an outflow of funds will be required to settle the obligation where it arises from an event prior to the year end. The Group does not anticipate that any material liabilities will arise other than those recognised in the accounts.

32. DISTRIBUTIONS MADE

Dividends of €33.4m were paid to the parent undertaking on 2 January 2019, at €8,308.46 per share.

In 2018 dividends of €67.8m were paid to the parent undertaking on 25 September 2017, at €16,865.67 per share.

Dividends are paid out of profits or from the Company's share premium or capital contribution reserve provided a 'Solvency Test' is passed.

33. SHARE BASED PAYMENTS

Management Investment Plan (MIP)

Under the MIP, growth shares of the parent are granted to certain senior executives of the Group. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The growth shares vest over time provided the senior executives continue to be employed by the Group at the vesting date.

The fair value of growth shares granted is estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and conditions on which the share options were granted. It takes into account historical and expected dividends, and the share price volatility of the Group relative to that of comparable companies so as to predict the share performance.

The Group accounts for the Growth shares as an equity-settled plan.

The expense recognised for employee services received during the year is shown as follows:

	2019 €m	2018 €m
Expense arising from equity-settled share-based payment transactions	0.6	-
	0.6	-

Movements during the year

	B shares	**C Shares**
Outstanding at 1 April 2018	**-**	**-**
Granted during the year	905	1,088
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at 31 March 2019	**905**	**1,088**
Exercisable at 31 March 2019	**-**	**-**

The following table lists the inputs to the model used for the calculation of the fair value of the plan:

	2019
Weighted average fair values at the measurement date	£349.76
Dividend yield (%)	7.6
Expected volatility (%)	31.3
Risk-free interest rate (%)	0.87
Expected life of share options (years)	3.79
Model used	Monte Carlo

34. RELATED PARTY TRANSACTIONS

Note 17 above, provides the information about the Group's structure including the details of the subsidiaries and the holding company.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Services to related parties €m	Purchase from related parties €m	Amounts owed to related parties €m
Associates:	**2019**	**0.9**	**(12.1)**	**(1.0)**
	2018	0.9	(14.5)	(2.7)

		Interest receivable €m	Amounts owed by related parties €m	Allowance for expected credit losses €m
Loans to related parties:				
Associate: Eco Wind Power Limited	**2019**	**0.9**	**16.5**	**(6.4)**
	2018	0.9	15.9	(6.4)
Associate: IIF Cyclone NI Holdco Limited	**2019**	**-**	**-**	**-**
	2018	0.1	1.8	-

Transactions with associates

At 31 March 2018, the Group had two associate undertakings, a 25% interest in EWP and a 20% interest in IIF Cyclone. In December 2018, the Group disposed of its 20% share in IIF Cyclone.

As part of the sale and purchase transactions relating to the associates in March 2012 and June 2012 the Group acquired loans owing by these associates. The loan with IIF Cyclone was fully repaid on disposal. The loan with EWP remains outstanding at 31 March 2019 and is included as part of the Group's overall investment in associates as disclosed in note 15 to the accounts.

The contractual amount of the loan including interest owed by EWP is €16.5m at 31 March 2019 (2018 - €15.9m), and the Group has recognised a provision for expected credit losses of €6.4m (2018 - €6.4m) which reflects the Director's expectations regarding the level of recovery of this amount.

Transactions with key management personnel

Compensation of key management personnel of the Group are shown as follows:

	2019 €m	2018 €m
Short term employee benefits	2.5	2.5
Post employment pension and medical benefits	0.1	0.2
Share based payment	0.6	-
Total compensation to key management personnel	**3.2**	**2.7**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

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35. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

Analysis of IFRS adjustments to the Group Balance Sheet at 1 April 2017

ASSETS	31 March 2017 Audited €m	IFRS adjustments €m	Restated 1 April 2017 Audited €m
Non-current assets:			
Property, plant and equipment	582.1	-	582.1
Intangible assets	646.0	5.3	651.3
Investment in associates	7.2	-	7.2
Derivative financial instruments	23.4	-	23.4
Other non-current financial assets	0.1	-	0.1
Deferred tax assets	32.0	-	32.0
	1,290.8	**5.3**	**1,296.1**
Current assets:			
Inventories	5.6	-	5.6
Trade and other receivables	175.5	-	175.5
Derivative financial instruments	11.8	-	11.8
Other current financial assets	4.4	-	4.4
Cash and cash equivalents	140.5	-	140.5
	337.8	**-**	**337.8**
TOTAL ASSETS	**1,628.6**	**5.3**	**1,633.9**

LIABILITIES	31 March 2017 Audited €m	IFRS adjustments €m	Restated 1 April 2017 Audited €m
Current liabilities:			
Trade and other payables	(306.5)	-	(306.5)
Income tax payable	(2.0)	-	(2.0)
Financial liabilities	(20.6)	-	(20.6)
Derivative financial instruments	(11.2)	-	(11.2)
	(340.3)	**-**	**(340.3)**
Non-current liabilities:			
Financial liabilities	(839.1)	-	(839.1)
Derivative financial instruments	(13.3)	-	(13.3)
Net employee defined benefit liabilities	-	-	-
Deferred tax liabilities	(19.6)	(0.7)	(20.3)
Provisions	(13.3)	-	(13.3)
	(885.3)	**(0.7)**	**(886.0)**
TOTAL LIABILITIES	**(1,225.6)**	**(0.7)**	**(1,226.3)**
NET ASSETS	**403.0**	**4.6**	**407.6**
Equity			
Share capital	-	-	-
Share premium	772.3	-	772.3
Retained earnings	(532.6)	4.6	(528.0)
Capital contribution reserve	188.9	-	188.9
Hedge reserve	(16.3)	-	(16.3)
Foreign currency translation reserve	(9.3)	-	(9.3)
TOTAL EQUITY	**403.0**	**4.6**	**407.6**

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Analysis of IFRS adjustments to the Group Balance Sheet at 31 March 2018

ASSETS	31 March 2018 Audited €m	IFRS adjustments €m	Restated 31 March 2018 Audited €m
Non-current assets:			
Property, plant and equipment	473.5	-	473.5
Intangible assets	653.7	5.8	659.5
Investment in associates	7.7	-	7.7
Derivative financial instruments	6.0	-	6.0
Other non-current financial assets	0.1	-	0.1
Deferred tax assets	31.1	-	31.1
	1,172.1	**5.8**	**1,177.9**
Current assets:			
Inventories	5.6	-	5.6
Trade and other receivables	218.1	-	218.1
Derivative financial instruments	12.6	-	12.6
Other current financial assets	6.1	-	6.1
Cash and cash equivalents	144.0	-	144.0
	386.4	**-**	**386.4**
TOTAL ASSETS	**1,558.5**	**5.8**	**1,564.3**

LIABILITIES	31 March 2018 Audited €m	IFRS adjustments €m	Restated 31 March 2018 Audited €m
Current liabilities:			
Trade and other payables	(369.4)	-	(369.4)
Income tax payable	(2.6)	-	(2.6)
Financial liabilities	(46.6)	-	(46.6)
Derivative financial instruments	(7.5)	-	(7.5)
Deferred income	-	-	-
	(426.1)	-	**(426.1)**
Non-current liabilities:			
Financial liabilities	(871.6)	-	(871.6)
Derivative financial instruments	(9.5)	-	(9.5)
Net employee defined benefit liabilities	-	-	-
Deferred tax liabilities	(6.7)	(0.8)	(7.5)
Provisions	(15.0)	-	(15.0)
	(902.8)	(0.8)	(7.5)
	(1,328.9)	**(0.8)**	**(903.6)**
TOTAL LIABILITIES	**(1,328.9)**	**(0.8)**	**(1,329.7)**
NET ASSETS	**229.6**	**5.0**	**234.6**
Equity			
Share capital	-	-	-
Share premium	753.4	-	753.4
Retained earnings	(606.2)	5.0	(601.2)
Capital contribution reserve	115.8	-	115.8
Hedge reserve	(5.5)	-	(5.5)
Foreign currency translation reserve	(27.9)	-	(27.9)
TOTAL EQUITY	**229.6**	**5.0**	**234.6**

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Group reconciliation of Income Statement for the year ended 31 March 2018

Continuing operations	**Total 2018 Audited €m**	**IFRS adjustments €m**	**Restated Total 2018 Audited €m**
Revenue	1,774.1	37.9	1,812.0
Operating costs	(1,804.7)	(37.4)	(1,842.1)
Operating loss	**(30.6)**	**0.5**	**(30.1)**
Finance costs	(78.8)	-	(78.8)
Finance income	1.2	-	1.2
Net finance cost	**(77.6)**	**-**	**(77.6)**
Share of loss in associates	(0.7)	-	(0.7)
Loss before tax	**(108.9)**	**0.5**	**(108.4)**
Taxation	12.0	(0.1)	11.9
Loss for the period	**(96.9)**	**0.4**	**(96.5)**
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(18.6)	-	(18.6)
Net gain on cash flow hedges	6.6	-	6.6
Transferred loss from equity to income statement on cash flow hedges	4.4	-	4.4
Share of associates net gain on cash flow hedges	0.5	-	0.5
Income tax effect	(0.6)	-	(0.6)
	10.9	**-**	**10.9**
	(7.7)	**-**	**(7.7)**
Items that will not be reclassified to profit or loss:			
Remeasurement loss on defined benefit scheme	(1.2)	-	(1.2)
Income tax effect	0.2	-	0.2
	(1.0)	**-**	**(1.0)**
Other comprehensive income for the period, net of taxation	**(8.7)**	**-**	**(8.7)**
Total comprehensive expense for the period	**(105.6)**	**0.4**	**(105.2)**

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Appendix (unaudited)

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Appendix (unaudited)

The consolidated financial statements comprise the financial performance and position of the Group's Senior Secured Notes Restricted Group and its renewable asset portfolio which are separately project financed. The following tables set out the unaudited reconciliations for pro-forma EBITDA and net debt for the Senior Secured Restricted Group.

Pro-forma EBITDA for the Senior Secured Notes Restricted Group

The following table shows the reconciliation of Pro-forma EBITDA (pre-exceptional items and certain remeasurements) for the Senior Secured Notes Restricted Group:

Year to 31 March	**2019 €m**	2018 €m
Group pro-forma EBITDA	**167.1**	**148.4**
Less EBITDA from project financed renewable assets	(40.1)	(31.3)
Pro-forma EBITDA for the Senior Secured Notes Restricted Group	**127.0**	**117.1**

All of the above amounts are pre-exceptional items and certain remeasurements

Pro-forma EBITDA for the Senior Secured Notes Restricted Group (pre-exceptional items and certain remeasurements) increased to €127.0m (2018 – €117.1m) primarily reflecting an increase in EBITDA from the Customer Solutions business and Renewable PPA contracts, partly offset by a reduction in EBITDA in the Flexible Generation business.

Pro-forma Net Debt for the Senior Secured Notes Restricted Group

The following table shows the Pro-forma Net Debt for the Senior Secured Notes Restricted Group:

As at 31 March	**2019 €m**	2018 €m
Investments	1.5	1.5
Cash and cash equivalents	165.4	115.6
Senior secured notes €350m (2025)	(344.7)	(344.0)
Senior secured notes £225m (2024)	(257.3)	(252.2)
Interest accruals – Senior secured notes	(1.2)	(1.2)
Other interest accruals	(0.8)	(0.8)
Pro-forma Net Debt for the Senior Secured Notes Restricted Group	**(437.1)**	**(481.1)**

Glossary of terms

Associate	25% interest in EWP and 20% in IIF Cyclone
CCGT	Combined-Cycle Gas Turbine
CCNI	Consumer Council for Northern Ireland
CfD	Contract for Differences
CGU	Cash Generating Unit
Choices	Money purchase pension arrangement for employees in the RoI
CO_2	Carbon dioxide
Company	Energia Group Limited (formerly known as Viridian Group Investments Limited)
CPI	Consumer Price Index in the RoI
CRM	Capacity Remuneration Mechanism
CRU	Commission for Regulation of Utilities
CSR	Corporate Social Responsibility
DAM	Day Ahead Market
DCCAE	Department of Communications, Climate Action and Environment
DfE	Department for the Economy
EAI	Electricity Association of Ireland
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ECL	Expected Credit Loss
EECs	Energy efficiency credits
EEOS	Energy Efficiency Obligation Scheme
EGPS	Energia Group NI Pension Scheme
EIR	Effective Interest Rate
ESB	Electricity Supply Board
EU	European Union
EWP	Eco Wind Power and its subsidiaries
Focus	Defined benefit section of EGPS
FRC	Financial Reporting Council
GB	Great Britain
Group	Energia Group Limited and its subsidiary undertakings
GWh	GigaWatt Hours
HMRC	HM Revenue & Customs
IASB	International Accounting Standards Board
IAS	International Accounting Standard
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IIF	Irish Infrastructure Fund
IIF Cyclone	IIF Cyclone NI Holdco Limited and its subsidiaries
I-SEM	New EU integrated SEM
ISAs	International Standards in Auditing (UK)
KPI	Key Performance Indicators
LRSA	Local Reserve Services Agreements
LTIR	Lost Time Incident Rate
MIP	Management Investment Plan
MW	Megawatt
MWh	Megawatt hour
NIE	Northern Ireland Electricity Networks Limited
NIRO	Northern Ireland Renewable Obligation
NISEP	Northern Ireland Sustainable Energy Programme
NSAI	National Standards Authority of Ireland
OCI	Other Comprehensive Income
Options	Money purchase section of EGPS
p.a	Per Annum
PEE	Primary Electrical Energy
PPA	Power Purchase Agreement
PPB	Power Procurement Business
RA	Regulatory Authority
REFIT	Renewable Energy Feed-In Tariff scheme
RESS	Renewable Electricity Support Scheme
RMC	Risk Management Committee
RO	UK Renewable Obligation
ROC	Renewable Obligation Certificate
RoI	Republic of Ireland
SEAI	Sustainable Energy Authority of Ireland
SEE	Social, Environmental and Ethical
SEMC	SEM Committee
SEM	Single Electricity Market
SEMO	Single Electricity Market Operator
SMP	System Marginal Price
SPPI	Solely Payments of Principal & Interest
TSO	Transmission System Operator
TWh	TeraWatt Hours
UK	United Kingdom
UR	Utility Regulator
WACC	Weighted Average Cost of Capital

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Registered office:
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Registered Number: 192375