ENERGIA GROUP LIMITED
www.energiagroup.com

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS **2020**

ANNUAL REPORT

31 March 2020

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KEY FACTS & FIGURES

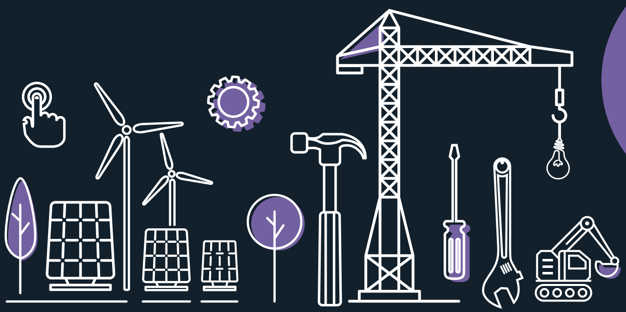
Underlying Business Results[1]

€m
164.1

Group Pro-Forma EBITDA

Group Pro-Forma EBITDA	2020 €m	2019 €m
Renewables	66.9	80.0
Flexible Generation	45.8	39.1
Customer Solutions	51.4	48.0
	164.1	167.1

Capital expenditure
(2019 - €89.6m)



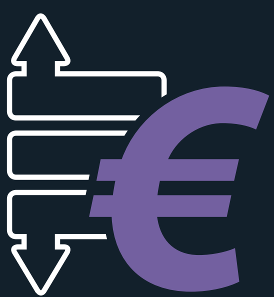
€m
66.4

IFRS Results[2]

Revenue
(2019 - €2,031.6)

€m
1,905.8

€m
102.9



Operating profit
(2019 - €108.8m)

[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

848

Employee numbers
(2019 - 795)

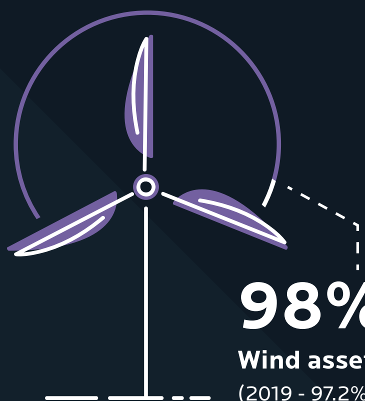
Wind generation assets in operation at March 31 2020

MW
277

(2019 - 277MW)

84.7%
90.7%

Huntstown CCGT 1 & 2 availability
(2019 - 97.1% / 96.5%)



98%
Wind asset availability
(2019 - 97.2%)

NI electricity sales
(2019 - 3.5TWh)

TWh
3.4

669,000
Residential customer sites supplied
(2019 - 667,800)

RoI electricity sales
(2019 - 4.6TWh)

TWh
4.3

STRATEGIC & DIRECTOR’S REPORT

STRATEGIC AND DIRECTOR'S REPORT

OPERATING REVIEW

All references in this document to 'Group' denote Energia Group 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.

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 business units:

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

The Renewables business owns and operates 277MW of wind assets and purchases electricity from 1,268MW of renewable generation capacity throughout Ireland. In addition, the Renewables business is currently commissioning a 32 MW wind farm in County Sligo and 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 264,900 customer sites in the RoI and 497,900 customer sites in Northern Ireland through its two retail brands, Energia and Power NI.

Strategy

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 remains 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 continues to focus 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 the Group's commitment to exploit the opportunities presented by technological advances relevant to its business, a Group-wide hub is in operation for collaboration on initiatives in innovation; and further to underpin delivery of the Group's strategic objectives, the Group has an extensive and experienced corporate development team.

On 1 July 2019 the Group launched its Positive Energy investment programme which will be implemented across a range of major renewable energy projects including onshore and offshore wind farms, solar power, hydrogen fuel generation, bioenergy facilities and the smart grid. Aligned with the Government of Ireland's commitment to increase the amount of electricity generated from renewable sources to 70% by 2030. The Group anticipates that this new investment will add up to 1.5 Gigawatts of renewable generation to the grid over a 10-year horizon. This will contribute to further sustainability in Ireland's energy supply and to the achievement of Ireland's climate change reduction targets.

COVID-19

The Group's priority during the COVID-19 outbreak is to look after the health & safety of its staff and customers while at the same time contributing to the efforts of the Irish and UK Governments in ensuring that consumers continue to have access to energy and essential services. As an essential service, our dedicated teams across the Group are fully committed to the generation of electricity from the Group's renewable and flexible generation sources, the continued supply of electricity and gas to the many homes and businesses (including care homes, hospitals, schools, essential retail and manufacturing) we serve and providing additional support where needed for vulnerable customers. The Group is also providing support for the communities in which we operate and have been impacted by COVID-19. The fact that the Group has been able to achieve this while enabling over 600 staff to work remotely from home has been an outstanding achievement.

As the scale of the COVID-19 outbreak becomes clearer, the Board acknowledges the exemplary response and commitment of staff in ensuring that our essential services continue to be provided and is

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.

truly thankful to all staff for their dedication in these testing times.

In light of the COVID-19 outbreak, management have reviewed the Group's operations and considered the potential impact on the business and taken appropriate steps to ensure that disruption is minimised whilst implementing robust business continuity and social distancing procedures at all operational sites. While to date the reduction in the demand for electricity in Ireland has been less than that experienced in other European countries, the full financial impact on the Group from COVID-19 and the related general economic downturn is difficult to quantify at this stage. It is unclear how long the current situation will last, how customer behaviour may change, the extent to which Irish and UK government financial support for households and businesses may help mitigate some of the potential effects and what impact COVID-19 related delays may have on the delivery of the Group's development projects. The Group has strong liquidity at 31 March 2020 (with €190.8m cash and cash equivalents excluding project finance cash) and has undrawn committed revolving credit facilities of €91.0m and is therefore well positioned to manage the impact of COVID-19.

As COVID-19 continues to develop, management will remain vigilant and continue to take appropriate steps to protect our staff, our customers and the Group's businesses.

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:

- Earnings Before Interest, Tax, Depreciation and Amortisation (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 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 actual 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.

energia group

Group financial performance

The Group's financial KPIs are shown below:

	2020 €m	2019 €m
EBITDA[1]	164.1	167.1
Capital expenditure	66.4	89.6
Net debt	714.3	742.0

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

Total Group pro-forma EBITDA decreased to €164.1m (2019 - €167.1m) primarily reflecting a decrease in EBITDA in the Renewables business, partly offset by an increase in the Flexible Generation and Customer Solutions businesses as discussed further below.

Net capital expenditure in respect of tangible fixed assets and intangible software assets decreased to €66.4m (2019 - €89.6m) primarily reflecting a decrease in capital expenditure in the Renewables business, partly offset by an increase in capital expenditure in the Flexible Generation and Customer Solutions businesses as discussed further below.

The Group's net debt decreased to €714.3m (2019 - €742.0m).

Derrysallagh wind farm, County Sligo – February 2020

BUSINESS REVIEWS

Renewables

Overview

The Group owns and operates a generation portfolio comprising onshore wind assets across the RoI and Northern Ireland. In addition, the Group is in the advanced stages of constructing a 32MW onshore wind farm and a 4MW bioenergy plant in the RoI as well and developing a further pipeline of wind, bioenergy and solar projects across Ireland.

The Group also purchases electricity under long-term off-take Power Purchase Agreement (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:

	2020 €m	2019 €m
EBITDA[1]	66.9	80.0
Capital expenditure	28.6	65.7

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

Renewables EBITDA decreased to €66.9m (2019 - €80.0m) primarily reflecting lower contributions from renewable PPAs (due to lower energy prices and lower average capacity, partly offset by higher wind factors and higher ROC sales) and increased costs on development projects, partly offset by higher contributions from the wind generation assets (with the commissioning of wind farms and higher wind factors being partly offset by lower energy prices).

Net capital expenditure decreased to €28.6m (2019 - €65.7m) primarily reflecting lower capital expenditure in respect of wind farms commissioned in the prior year and lower capital expenditure in respect of bioenergy assets, partly offset by higher capital expenditure in relation to the 32MW onshore wind farm currently in construction together with capital expenditure in respect of the Group's hydrogen project.

Operational performance

KPIs	2020	2019
Wind generation assets owned Wind generation capacity in operation in the RoI and Northern Ireland		
- average during the year (MW)	277	250
- at 31 March (MW)	277	277
Availability (%)	98.0	97.2
Wind factor (%)	31.8	27.5
Renewable PPA portfolio Contracted renewable generation capacity in operation in the RoI and Northern Ireland		
- average during the year (MW)	1,272	1,294
- at 31 March (MW)	1,268	1,281

Wind generation assets

The Group owns wind farm assets across the RoI and Northern Ireland. The average wind generation capacity in operation during the year ended 31 March 2020 was 277MW (2019 - 250MW) and at 31 March 2020, total generation capacity was 277MW (2019 - 277MW). This comprised 104MW (2019 - 104MW) of operating wind generation capacity in the RoI and 173MW (2019 - 173MW) of operating wind generation capacity in Northern Ireland.

Renewable assets availability was 98.0% (2019 - 97.2%) with a wind factor of 31.8% (2019 - 27.5%).

On 1 August 2019 the Group sold its 25% minority share in a 52MW portfolio of wind generation assets in the RoI, for a profit of €4.1m and cash proceeds of €6.5m (the Irish Infrastructure Fund, as majority shareholder, also disposed of its interest in these assets).

On 13 September 2019 the Group completed the acquisition of Pigeon Top Wind Farm Ltd (Pigeon Top), a 38MW wind farm development project in County Tyrone, Northern Ireland.

On 30 September 2019 the Group completed the acquisition of Derrysallagh Wind Farm Limited (Derrysallagh), a 32MW wind farm project in County Sligo, RoI. All turbines have been erected and the commissioning phase is almost complete. The wind farm benefits from REFIT support and commercial operation is expected by First Quarter 2021.

On 30 October 2019 the Group completed the asset purchase of Clunahill Wind Farm (Clunahill), a 14MW wind farm development project in County Tyrone, Northern Ireland.

On 8 November 2019 the Group completed the acquisition of Seven Hills Wind Limited (Seven Hills), a 95MW wind farm development project in County Roscommon, RoI.

On 16 April 2020 the Group completed the acquisition of XMR Energy Limited (Crossmore), a 15MW wind farm development project in County Clare, RoI.

Distributions of €11.0m were made in the year ended 31 March 2020 (2019 - €5.3m) from the wholly owned wind generation assets together with €0.3m (2019 - €1.5m) 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 1,272MW (2019 - 1,294MW) with 31 March 2020 operating capacity of 1,268MW (2019 - 1,281MW) of which the RoI operating capacity was 586MW (2019 - 586MW) and the Northern Ireland operating capacity was 682MW (2019 - 695MW).

Bioenergy assets

The Group continues to develop its bioenergy assets.

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 and is expected to produce up to 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.

Construction of the plant is substantially complete and, although delayed, the commissioning phase is continuing and commercial operation is expected, subject to COVID-19 related restrictions, during Financial Year 2021 with the plant benefitting from REFIT support.

In June 2019, a planning application was lodged for a 4.1MW anaerobic digestion project at Giant's Park in Belfast. The site is adjacent to operational ROC accredited Combined Heat and Power (CHP) engines which the Group owns. The outcome of the planning application is awaited.

Solar

On 22 October 2019 the Group completed the acquisition of Energia Solar Holdings Limited together with its subsidiary Solar Farmers Limited (Solar Farmers), 32MW of solar development capacity across 2 projects in the RoI.

Hydrogen

The Group has secured Interreg and Office for Low Emission Vehicles (OLEV) grant funding for an electrolyser, to produce hydrogen from renewable electricity at the Long Mountain wind farm, 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.

In November 2019 the Group entered into a Hydrogen Gas Purchase Agreement with Translink for the supply of hydrogen.

Offshore wind

The Group has applied to the Department of Housing, Planning and Local Government (DHPLG) in the RoI for permission to carry out preliminary surveys to investigate the feasibility of offshore wind energy generation in the North Celtic Sea. Public consultation closed on 6 August 2019 and a decision on the Investigative Foreshore Licence application is awaited.

In October 2019 the Group applied to DHPLG in the RoI for permission to carry out preliminary surveys to investigate the feasibility of offshore wind energy generation in the South Irish Sea. The commencement of the public consultation in respect of this application is awaited.

RoI Renewable Electricity Support Scheme (RESS)

On 17 December 2019 EirGrid published an indicative timetable for the proposed new Renewable Electricity Support Scheme which will provide support to renewable electricity projects in the RoI. The auction qualification process commenced on 9 March 2020, however due to the COVID-19 pandemic, the RESS-1 Qualification Application closing date was extended from 2 April 2020 to 30 April 2020. A revised auction timetable was published by EirGrid on 24 April 2020 which confirms that final qualification decisions will be published on 10 July 2020. The auction is scheduled to run from 21 - 28 July 2020 and provisional auction results are due on 4 August 2020. Final auction results will be confirmed on 10 September 2020.

Outlook

The Group is in the final stages of construction and commissioning of its 32MW wind farm project in County Sligo, RoI and a 4MW bioenergy plant in Dublin. Development is ongoing for the Group's pipeline of wind and solar projects across Ireland together with the proposed bioenergy plant at Giant's Park in Belfast.

Energia Group agrees to supply hydrogen to Translink to power the first hydrogen double decker buses in Ireland

The table below summarises the current portfolio of renewable projects excluding offshore wind and hydrogen production:

MW	Operating	Under Construction	In Development	Total
Onshore wind generation assets				
- NI	173	-	52	**225**
- RoI	104	32	131	**267**
	277	32	183	**492**
Bioenergy Assets				
- NI	-	-	4	**4**
- RoI	-	4	-	**4**
	-	4	4	**8**
Solar				
- RoI	-	-	32	**32**
	277	**36**	**219**	**532**

The Group continues to assess a number of other opportunities to acquire and develop further renewable development projects.

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 Power Procurement Business (PPB) 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

	2020 €m	2019 €m
EBITDA[1]	45.8	39.1
Capital expenditure	17.2	6.4

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

EBITDA increased to €45.8m (2019 - €39.1m) primarily reflecting higher contribution from the Huntstown plants (with higher utilisations partly offset by lower availability and the adverse revaluation of distillate stock (reflecting the recent reduction in oil prices)) partly offset by lower contribution for PPB (due to lower gain share).

Net capital expenditure increased to €17.2m (2019 - €6.4m) primarily due to capital expenditure in respect of Huntstown 1's outage and IT systems costs together with capital expenditure for a rotor for Huntstown 2 to be replaced next year.

Operational performance

KPIs	2020	2019
Huntstown CCGTs Availability (%)		
- Huntstown 1	84.7	97.1
- Huntstown 2	90.7	96.5
Unconstrained utilisation (%)		
- Huntstown 1	73.4	56.6
- Huntstown 2	2.2	28.9
Incremental impact of constrained utilisation (%)		
- Huntstown 1	(9.9)	(5.6)
- Huntstown 2	36.9	11.1

Huntstown 1 availability was 84.7% (2019 - 97.1%) reflecting a 43 day planned outage which commenced in August 2019 and was successfully completed in September 2019.

Huntstown 2 availability was 90.7% (2019 - 96.5%) primarily reflecting 28 days of a total 42 day planned outage which commenced in March 2019 and was successfully completed in April 2019. Huntstown 1 unconstrained utilisation was 73.4% (2019 - 56.6%). Huntstown 2 unconstrained utilisation was 2.2% (2019 - 28.9%).

The incremental impact of constrained utilisation for Huntstown 1 was 9.9% constrained off (2019 - 5.6%). The incremental impact of constrained utilisation for Huntstown 2 was 36.9% constrained on (2019 - 11.1%).

In Financial Year 2021 both Huntstown plants are due to undertake major scheduled maintenance outages. These major scheduled outages are expected to be around 68 days in Q3 21 for Huntstown 1 and around 45 days in Q4 21/Q1 22 for Huntstown 2.

Capacity Auctions

The Huntstown plants both have Local Reserve Service Agreements (LRSA) in place to 30 September 2022. The plants also continue to bid into the competitive capacity auctions. The reliability options awarded to the Huntstown plants for the next four capacity years is summarised as follows:

			Reliability Option Awarded	
Capacity Year	Auction	Clearing Price	Huntstown 1	Huntstown 2
2020/21	T-1 (Dec 19)	€46,150/MW	✓	✓
2021/22	T-2 (Dec 19)	€45,950/MW	✓	✓
2022/23	T-4 (Mar 19)	€46,150/MW	✕	✓
2023/24	T-4 (Apr 20)	€46,149/MW	✓	✓

Although Huntstown 1 does not have a reliability option for the 2022/23 capacity year it is expected that it will bid in any future T-2 or T-1 capacity auctions in respect of this capacity year

In December 2019, SEMO published provisional results which confirmed that both Huntstown plants had been awarded reliability options in the T-1 capacity auction for the 2020/21 capacity year. The auction clearing price was €46,150/MW. Furthermore, in December 2019 SEMO published provisional results which confirmed that both Huntstown plants had been awarded reliability options in the T-2 capacity auction for the 2021/22 capacity year. The auction clearing price was €45,950/MW. The final results for both the T-1 and T-2 auctions were confirmed in January 2020.

The T-4 auction for the 2023/24 capacity year was held in April 2020. On 5 May 2020, SEMO published provisional results which confirmed that both Huntstown plants had been awarded reliability options in the T-4 capacity auction for the 2023/24 capacity year. The auction clearing price was €46,149/MW. Final auction results were confirmed on 5 June 2020.

Storage

The Group was awarded reliability options for three battery storage projects in the T-4 capacity auction for the 2023/24 capacity year. Two new capacity battery units for Dublin were awarded 10 year contracts at the clearing price of €46,149/MW (a 10MW project for which planning permission has been received and a 50MW project for which a planning application has yet to be made) and one new capacity battery unit for Belfast was awarded a 10 year contract at €78,601/MW (a 50MW project for which planning has been received).

The Group also has two further battery storage development projects (31MW), one of which (19MW) has received planning permission.

Outlook

The Group continues to assess 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 supplies electricity and natural gas to business and residential customers in the RoI.

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

Financial performance

	2020 €m	2019 €m
EBITDA [1]	51.4	48.0
Capital expenditure	20.6	17.5

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

EBITDA increased to €51.4m (2019 - €48.0m) primarily reflecting higher Energia residential margins (due to lower energy costs and higher customer numbers), higher Energia non-residential margins (due to lower energy costs partly offset by lower volumes) and higher deregulated margins for Power NI largely offset by higher operating costs (primarily reflecting bad debt costs associated with expected credit losses in respect of COVID-19, higher staff and IT costs with the full year operation of the Integrated Single Electricity Market (I-SEM) market introduced October 2018 and increased marketing costs).

Net capital expenditure increased to €20.6m (2019 - €17.5m) primarily reflecting expenditure in relation to IT system projects aligned to the Group's digitalisation strategy.

Operational performance

KPIs	2020	2019
Customer sites (number) **RoI**		
- Residential electricity	155,700	153,000
- Residential gas	59,800	57,500
	215,500	**210,500**
- Non-residential electricity	45,300	42,000
- Non-residential gas	4,100	3,800
	49,400	**45,800**
Total ROI	**264,900**	**256,300**
Northern Ireland		
- Residential electricity	453,500	457,300
- Non-residential electricity	44,400	42,500
Total Northern Ireland	**497,900**	**499,800**
Energy sales **RoI**		
- Electricity sales (TWh)	4.3	4.6
- Gas sales (million therms)	95.7	78.2
Northern Ireland		
- Electricity sales (TWh)	3.4	3.5
Complaints (number)		
Complaints to the CRU in the RoI	4	1
Complaints to the CCNI in Northern Ireland	1	2

Residential electricity and gas customer sites in the RoI increased to 215,500 at 31 March 2020 (2019 - 210,500) reflecting the continued growth in these markets.

Non-residential electricity customer sites in the RoI were 45,300 at 31 March 2020 (2019 - 42,000). Non-residential gas customer sites in the RoI were 4,100 at 31 March 2020 (2019 - 3,800).

Residential customer numbers in Northern Ireland decreased to 453,500 at 31 March 2020 (2019 - 457,300). Non-residential customer numbers in Northern Ireland were 44,400 at 31 March 2020 (2019 - 42,500).

Total electricity sales volumes in the RoI were 4.3TWh (2019 - 4.6TWh) and in Northern Ireland were 3.4TWh (2019 - 3.5TWh). RoI gas sales volumes were 95.7m therms (2019 - 78.2m therms).

During the year, the Group received four (2019 - one) complaints which were referred to the CRU and one (2019 - two) 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.

Following the Group's rebranding last year the Group decided that it would cease to compete as Energia against Power NI in the deregulated business electricity market in Northern Ireland. Accordingly, on 1 October 2019, Energia transferred all its commercial customers with a supply address in Northern Ireland to Power NI.

Power NI Price control

On 16 April 2020 the Utility Regulator (UR) confirmed its intention to extend Power NI's current price control by a further two years from 1 April 2021 to 31 March 2023. Work is underway to update the licence to give effect to the extension.

Digitalisation and Innovation

Digitalisation is a priority for the Group and to facilitate progression in this area, a digital platform has been developed, based upon Microsoft Azure, which enables faster deployment of new digital products and services, as well as underpinning Energia's compliance with the smart meter programme in the RoI. In addition, the Group continued to focus on growing its internal innovation capability and has delivered an innovation-based Learning and Development (L&D) programme for staff, enhancing skills in Design Thinking and Agile delivery.

During the year the Group continued to progress a range of innovations both to enhance customer experience and improve business effectiveness:

Digitalising the customer experience

Additional features were added to enhance the experience of customers using One Account, the Group's online platform for customer engagement, communication, service, rewards, payments and account management which allows customers to view bills, make payments and self-serve.

A trial of a fully connected prepayment solution, Keypad plus, commenced during the year. Keypad plus supports Bluetooth enabled meter top-ups from an app as well as obtaining remote meter readings.

Energia continued to install Netatmo smart thermostats for its customers in the RoI and during the year reached 10,000 installations. Furthermore, it launched an e-commerce site for the retail of smart products to its customers.

Customer insights

As customers are increasingly seeking more detailed insights into their energy usage, both Energia and Power NI have developed a range of products to meet these needs.

In preparedness for the roll out of smart meters in the RoI, the Group continued to develop smart enabled product offerings to customers. In Northern Ireland, Power NI developed Power NI Bot, a pre-smart solution using traditional meters to provide customers with ‘smart’ energy insights via an app. This is the first product to leverage the Group’s new digital platform.

Internet of Things (IoT) metering for business customers, in particular group accounts, will provide energy managers with detailed energy insights and reporting capabilities across their portfolio of sites. Power NI’s Keypad Plus trial also supports customers with detailed half hourly interval insights to help them better control their energy usage. Power NI’s portfolio of 50kW – 1MW renewable generation PPA customers are also provided with detailed insights to enable them to better manage their generation assets.

Prosumer

With a growing prosumer market in the RoI, and a relatively developed market in Northern Ireland, the Customer Solutions business continued to seek ways to support domestic customers with onsite microgeneration. A self-serve web-based platform has been developed to enable customers to manage their generators and associated incentive benefits. A trial has also been completed to understand the benefits of optimising on-site storage in parallel with microgeneration.

Working with UK based battery and platform provider, Moixa and supported by Eirgrid, the trial successfully demonstrated the ability of an aggregated fleet of domestic storage batteries to provide grid services.

Renewable Transport

Significant work is progressing in the area of renewable transport. With both RoI and UK Governments committing to a transition to electric vehicles, work has progressed in relation to retail customer offerings and innovative public charging solutions.

As mentioned earlier in the Annual Report, the Group is planning to produce hydrogen (from curtailed wind energy from the Long Mountain windfarm) to be supplied to Translink in order to power a number of double deck hydrogen buses in Belfast.

Energy efficiency

In meeting its energy efficiency obligation commitments, the Group continues to facilitate the installation of a range of energy saving measures across the RoI and Northern Ireland including programmes for homes and innovative solutions for businesses.

The Group's Lighting As a Service Programme was launched during the year, enabling business customers to 'pay' the capital costs of installing LED lighting through the savings in their electricity costs.

Outlook

The Group continues to invest in its development of innovative, enhanced and differentiated product offerings to customers in line with its strategy. Digitalisation will remain a strong focus, and work will continue on a range of initiatives in the 'new energy' space.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SUMMARY OF FINANCIAL PERFORMANCE

SUMMARY OF FINANCIAL PERFORMANCE

Revenue

Revenue from continuing operations decreased to €1,905.8m (2019 - €2,031.6m). The breakdown by business is as follows:

Year to 31 March	2020 €m	2019 €m
Renewables	255.1	227.7
Flexible Generation (based on regulated entitlement)	372.0	431.7
Customer Solutions (based on regulated entitlement)	1,294.1	1,381.9
Adjustment for under-recovery	(6.9)	(11.1)
Inter business elimination	(8.5)	1.4
Total revenue from continuing operations	**1,905.8**	**2,031.6**

Revenue from the Renewables business increased to €255.1m (2019 - €227.7m) primarily reflecting higher ROC sales, higher wind factors and higher revenues from the commissioning of wind farms, partly offset by lower energy prices.

Flexible Generation revenue decreased to €372.0m (2019 - €431.7m) primarily reflecting lower energy prices, lower availability of both Huntstown plants and a higher PPB Public Service Obligation (PSO) rebate, partly offset by increased utilisation for Huntstown 1 and the Ballylumford plant.

Customer Solutions revenue decreased to €1,294.1m (2019 - €1,381.9m) primarily due to lower non-residential revenue (reflecting lower electricity sales volumes, lower energy prices and lower unbilled revenue reflecting the potential impact of COVID-19) together with lower interconnector revenue (due to the new I-SEM market design effective 1 October 2018) partly offset by higher residential revenue (reflecting higher customer numbers and higher prices party offset by lower unbilled revenue reflecting the potential impact of COVID-19).

During the year the regulated businesses of Power NI and PPB combined under-recovered against their regulated entitlement by €6.9m (2019 - €11.1m) and at 31 March 2020 the cumulative under-recovery against regulated entitlement was €5.1m. The under-recovery of regulated entitlement reflects the phasing of tariffs.

Operating costs

Operating costs (pre-exceptional items and certain remeasurements and excluding depreciation) decreased to €1,748.6m (2019 - €1,875.6m). The breakdown is as follows:

Year to 31 March	2020 €m	2019 €m
Energy costs	1,612.6	1,772.6
Employee costs	43.8	38.0
Other operating charges	92.2	65.0
Total pre-exceptional items and certain remeasurements	**1,748.6**	**1,875.6**

Energy costs decreased to €1,612.6m (2019 - €1,772.6m) primarily reflecting lower energy costs (associated with lower energy prices), lower non-residential sales volumes, partly offset by higher wind factors and higher ROC costs associated with higher sales volumes for the Renewable PPAs and higher Huntstown 1 and Ballylumford utilisations being partly offset by lower availability for the Huntstown plant.

Employee costs increased to €43.8m (2019 - €38.0m) reflecting an increase in headcount reflecting additional staff costs associated with the new I-SEM market introduced October 2018 together with an increase in staff associated with the underlying growth of the Group's businesses including future development projects being undertaken.

Other operating charges increased to €92.2m (2019 - €65.0m) primarily reflecting higher bad debt costs reflecting expected credit losses due to COVID-19, higher operating and maintenance costs for the Huntstown plant (associated with the outages and utilisations of the plant), higher operating costs for the Customer Solutions businesses (higher IT costs with the full year operation of the I-SEM market introduced October 2018 and increased marketing costs) and higher operating costs for the Renewables businesses with increased wind farm capacity and increased costs on development projects.

Group EBITDA

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

Year to 31 March	**2020 €m**	2019 €m
Renewables	66.9	80.0
Flexible Generation	45.8	39.1
Customer Solutions	51.4	48.0
Group pro-forma EBITDA	**164.1**	**167.1**
Under-recovery of regulated entitlement	(6.9)	(11.1)
EBITDA	**157.2**	**156.0**

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) decreased to €164.1m (2019 - €167.1m) primarily reflecting a reduction in EBITDA in the Renewables business, partly offset by an increase in the Flexible Generation and Customer Solutions businesses.

Renewables EBITDA decreased to €66.9m (2019 - €80.0m) primarily reflecting lower contributions from renewable PPAs (due to lower energy prices and lower average capacity, partly offset higher wind factors and higher ROC sales) and increased costs on development projects, partly offset by higher contributions from the wind generation assets (with the commissioning of wind farms and higher wind factors being partly offset by lower energy prices).

Flexible Generation EBITDA increased to €45.8m (2019 - €39.1m) primarily reflecting higher contribution from the Huntstown plants (with higher utilisations partly offset by lower availability and the adverse revaluation of distillate stock (reflecting the recent reduction in oil prices)) partly offset by lower contribution for PPB (due to lower gain share).

Customer Solutions EBITDA increased to €51.4m (2019 - €48.0m) primarily reflecting higher Energia residential margins (due to lower energy costs and higher customer numbers), higher Energia non-residential margins (due to lower energy costs partly offset by lower volumes) and higher deregulated margins for Power NI largely offset by higher operating costs (primarily reflecting bad debt costs associated with expected credit losses in respect of COVID-19, higher staff and IT costs with the full year operation of the I-SEM market introduced October 2018 and increased marketing costs).

Depreciation

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

Year to 31 March	**2020 €m**	2019 €m
Renewables	25.2	21.4
Flexible Generation	15.5	17.3
Customer Solutions	13.6	8.5
Total Depreciation	**54.3**	**47.2**

Depreciation and amortisation increased to €54.3m (2019 - €47.2m) primarily reflecting higher depreciation for the Customer Solutions business (associated with the new I-SEM and other IT systems) and the Renewables business (associated with the commissioning of wind farms), partly offset by lower depreciation for the Flexible Generation business.

Group operating profit

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

Year to 31 March	**2020 €m**	2019 €m
Renewables	41.7	58.7
Flexible Generation	30.3	21.8
Customer Solutions	37.8	39.4
Total Operating Profit	**109.8**	**119.9**

Group pro-forma operating profit (pre-exceptional items and certain remeasurements) decreased to €109.8m (2019 - €119.9m) primarily reflecting a lower operating profit for the Renewables and Customer Solutions businesses, partly offset by a higher operating profit in the Flexible Generation business.

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Exceptional items and certain remeasurements

Exceptional items and certain remeasurements were a €0.8m credit (2019 - €11.5m cost). The breakdown by business is as follows:

Year to 31 March	2020 €m	2019 €m
Renewables	(0.8)	1.6
Flexible Generation	(0.1)	-
Customer Solutions	1.7	(13.1)
Total Exceptional Items and Certain Remeasurements	**0.8**	**(11.5)**

Exceptional items in the Renewables business were a €0.8m cost (2019 - €1.6m credit) reflecting exceptional acquisition costs of €1.2m, partly offset by a fair value adjustment to contingent consideration of €0.4m (2019 - €1.8m).

Exceptional items in the Flexible Generation business were €0.1m (2019 - €nil) reflecting exceptional acquisition costs.

Exceptional items in the Customer Solutions business were a €1.7m credit (2019 - €13.1m cost) reflecting certain remeasurements relating to the recognition of the fair value of derivatives.

Further information is outlined in note 7 to the accounts.

Net finance costs

Net finance costs (pre-exceptional items and certain remeasurements) decreased from €45.8m to €39.6m primarily reflecting the impact of foreign exchange movements in the period compared to the same period last year, partly offset by higher accretion of lease liability resulting from the impact of IFRS 16 Leases.

Tax charge

The total tax charge (pre-exceptional items and certain remeasurements) was €6.5m (2019 - €10.4m). 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 as follows:

Year to 31 March	2020 €m	2019 €m
Group pro-forma EBITDA[1]	164.1	167.1
Defined benefit pension charge less contributions paid	(1.4)	(1.1)
Net movement in security deposits	0.5	(7.0)
Changes in working capital[2]	27.5	43.8
Under-recovery of regulated entitlement	(6.9)	(11.1)
Exceptional items	(1.3)	(0.3)
Foreign exchange translation	4.7	(1.6)
Share based payment	0.1	0.6
Pro-forma cash flow from operating activities	**187.3**	**190.4**
Net capital expenditure[3]	**(66.4)**	**(89.6)**
Cash flow before acquisitions, disposals, interest and tax	**120.9**	**100.8**

[1] Includes EBITDA of project financed renewable assets of €41.1m (2019 - €40.1m).

[2] Includes changes in working capital of project financed renewable assets of €0.4m decrease (2019 - €4.0m increase) and net proceeds from the sale and purchases of other intangibles of €12.0m (2019 - €10.4m expenditure).

[3] Includes capital expenditure on project financed renewable assets of €28.6m (2019 - €65.7m) and intangible asset (software and customer acquisition costs) expenditure of €17.5m (2019 - €16.4m).

Group cash flow from operating activities decreased to €187.3m (2019 - €190.4m) primarily reflecting a lower decrease in working capital of €27.5m (2019 - €43.8m) and a decrease in EBITDA of €3.0m from €167.1m to €164.1m, partly offset by a decrease in security deposits of €0.5m (2019 - €7.0m increase), a foreign exchange translation gain of €4.7m (2019 - €1.6m loss) and a lower under-recovery of regulated entitlement of €6.9m (2019 - €11.1m).

Net movement in security deposits

The net movement in security deposits was a €0.5m decrease (2019 - €7.0m increase). There were €11.1m of security deposits in place at 31 March 2020 (2019 - €11.6m).

Changes in working capital

Working capital decreased by €27.5m (2019 - €43.8m) primarily due to an increase in trade payables and accruals (reflecting I-SEM related settlement timing differences and a higher PSO creditor in PPB), a decrease in trade receivables (resulting from higher bad debt costs reflecting expected credit losses due to COVID-19), a reduction in ROC assets and a decrease in emissions assets, partly offset by a decrease in the REFIT creditor for renewable PPAs (due to lower market prices).

Under-recovery of regulated entitlement

As noted previously the regulated businesses of Power NI and PPB combined under-recovered against their regulated entitlement by €6.9m (2019 - €11.1m) and at 31 March 2020 the cumulative under-recovery against regulated entitlement was €5.1m. The under-recovery of regulated entitlement reflects the phasing of tariffs.

Capital expenditure

Net capital expenditure in respect of tangible fixed assets and intangible software assets decreased to €66.4m (2019 - €89.6m). The breakdown by business is as follows:

Year to 31 March	2020 €m	2019 €m
Renewables	28.6	65.7
Flexible Generation	17.2	6.4
Customer Solutions	20.6	17.5
Total Capital Expenditure	**66.4**	**89.6**

Renewables capital expenditure decreased to €28.6m (2019 - €65.7m) primarily reflecting lower capital expenditure in respect of wind farms commissioned in the prior year and lower capital expenditure in respect of bioenergy assets, partly offset by higher capital expenditure in relation to the 32MW onshore wind farm currently in construction together with capital expenditure in respect of the Group's hydrogen project.

Flexible Generation capital expenditure increased to €17.2m (2019 - €6.4m) primarily due to capital expenditure in respect of Huntstown 1's outage and IT systems costs together with capital expenditure for a rotor for Huntstown 2 to be replaced next year.

Customer Solutions capital expenditure increased to €20.6m (2019 - €17.5m) primarily reflecting expenditure in relation to IT system projects aligned to the Group's digitalisation strategy.

Other cash flows

Net interest paid

Net interest paid (excluding exceptional finance costs) was €42.0m (2019 - €41.9m).

Acquisition of subsidiary undertakings

Acquisition of subsidiary undertakings of €57.6m (2019 - €23.2m) reflects €53.6m cash flows on the various acquisitions during the year and a €4.0m payment of contingent consideration as discussed further in note 16.

Dividends

No dividends were paid to the parent undertaking during the year ended 31 March 2020 (2019 - €33.4m). On 11 March 2020 the Board approved the payment of a €40.0m dividend to the parent undertaking however in light of the evolving situation from the COVID-19 outbreak the decision was taken to defer the payment of this dividend until such time that the impact of the outbreak on the Group's business and liquidity becomes clearer.

Net debt

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

Year to 31 March	2020 €m	2019 €m
Investments	1.4	1.5
Cash and cash equivalents	220.8	196.6
Senior secured notes	(596.3)	(602.0)
Project finance facilities	(338.0)	(336.0)
Interest accruals	(2.2)	(2.1)
Total net debt	**(714.3)**	**(742.0)**

The Group's net debt decreased by €27.7m from €742.0m at 31 March 2019 to €714.3m at 31 March 2020 primarily reflecting higher cash and cash equivalents and a decrease in senior secured notes (associated with the strengthening of euro to sterling). Net debt at 31 March 2020 includes project finance net debt of €308.2m (2019 - €304.9m). Excluding project financed net debt, net debt was €406.1m (2019 - €437.1m).

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 2020 (2019 - nil).

The last actuarial valuation of the Energia Group NI Pension Scheme (EGNIPS) was at 31 March 2018. 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 second annual deficit repair contribution made under the recovery plan was paid in the year ending 31 March 2020.

Outlook and financial impact of COVID-19

As noted earlier, it is too early to predict the full financial impact of COVID-19 on the performance of the Group. The impact of reduced energy demand and weaker economic conditions on the Group's businesses is difficult to quantify given it is unclear how long the current situation will last, how customer behaviour may change, the extent to which Irish and UK government financial support for households and businesses may help mitigate some of the potential effects and what impact COVID-19 related delays may have on the delivery of the Group's development projects.

The Group has strong liquidity at 31 March 2020 (with €190.8m cash and cash equivalents excluding project finance cash) and has undrawn revolving credit committed facilities of €91.0m and is therefore well positioned to manage the impact of COVID-19.

Further detail on the potential impacts of COVID-19 is provided in the "Risk Management and Principal Risks and Uncertainties" section of the Annual Report.

MARKET STRUCTURE

MARKET STRUCTURE

SINGLE ELECTRICITY MARKET

The I-SEM was introduced on 1 October 2018, and was 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 trading arrangements comprise a Day Ahead Market, Intra-Day Market and Balancing Market and there is also an auction-based capacity market. The 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.

The I-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 previously had a target for 40% of electricity consumption to come from renewable sources by 2020. On 28 March 2019 the Minister announced that the Government would set itself a target to achieve 70% of Ireland's electricity supply to be generated from renewables by 2030.

The Government's previous support mechanism, REFIT, was designed to encourage renewable generation in the RoI with suppliers and renewable energy generators entering 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 REFIT scheme is now closed.

The RoI Government has introduced the new RESS to provide support to renewable electricity projects and help deliver renewable electricity policy to 2030. The scheme design is auction-based with auctions to be held at frequent intervals throughout the lifetime of the scheme. The first auction is scheduled to run from 21 – 28 July 2020 and provisional auction results are due on 4 August 2020. Final auction results will be confirmed on 10 September 2020.

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.

Transmission & Distribution network ownership and operation

Northern Ireland Electricity Networks (NIEN) owns the transmission and distribution networks in Northern Ireland and the System Operation of 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 RO and NIRO schemes are now closed. 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 buy-out price, plus 10% and will be inflation linked.

RISK MANAGEMENT AND PRINCIPAL RISKS AND UNCERTAINTIES

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 System Marginal Price (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.

Following the outcome of the first transitional auction, which covered the 2018/19 capacity year (1 October 2018 to 30 September 2019), when Huntstown 1 had been awarded a reliability option contract but Huntstown 2 had not been awarded such a contract, the Group reached agreement with EirGrid and CRU and entered into LRSAs for the Huntstown plants. The LRSAs covering the four year period to 30 September 2022 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.

Both Huntstown plants continue to bid in the competitive capacity auctions. The reliability options awarded to the Huntstown plants for the next four capacity years is summarised within the Flexible Generation operating review section. The main competitors in the electricity supply markets in Northern Ireland are SSE Airtricity, Electric Ireland, Budget Energy, Go Power and Click Energy. 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.

Wholesale electricity price

All electricity (with limited exceptions) bought and sold across the island of Ireland is traded through the I-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 GB financial power through interconnector capacity contracts. 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 I-SEM market trading arrangements, which comprise a Day Ahead Market, Intra-Day Market and Balancing Market, have experienced volatility since the market commenced on 1 October 2018. The market has now become more stable, however the Group's energy purchase and supply businesses remain exposed to energy price resettlement risks. As at 31 March 2020 the market operator has resettled these markets up to October 2019 for M+4 resettlement and mid January 2019 for M+13 resettlement (the market is ordinarily resettled 4 months and 13 months after initial settlement). Further market fixes are required to be implemented before the market settlement solution could be considered fully aligned to the market code requirements. The Group is therefore exposed to potential price resettlements in the balancing market and has estimated 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.

Furthermore the Group is exposed to the fair value of hedges not being offset by customer demand. As a result of COVID-19, Energia and Power NI have experienced a reduction in demand from their customer portfolios. The Group will continue to monitor its hedged position in the months ahead and take appropriate steps if necessary in respect of out of the money hedges.

Huntstown CCGTs, bioenergy plant and wind farm availability

Energia Group runs the risk of interruptions to the availability of its Huntstown 1 and 2 CCGTs, its bioenergy plant and its wind farms.

For the Huntstown CCGTs, this risk is managed by having long-term maintenance agreements in place with the plants' Original Equipment Manufacturers (OEM), 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 wind farm assets is managed through maintenance contracts with the original turbine manufacturers and third parties.

When the Huntstown bioenergy plant is commissioned its operations and maintenance team, supported by specialist contractors where appropriate, will be responsible for the availability of the plant.

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. There is a strong focus on the audit of work sites and the reporting and reviewing of near miss incidents. These risks are closely managed by the Group through the employment of Health and Safety Managers, 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. In response to the COVID-19 outbreak and in line with government guidance, the Group adopted strict social distancing measures at all its locations while a large number of staff are currently working from home. The Group has also enhanced the cleaning being undertaken at all its locations. These measures will be kept under review and amended as necessary as the current situation develops.

The Group's approach to health and safety issues is described more fully in the CSR Report.

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

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, SEMC, DfE and DCCAE. A pro-active approach is taken to the Regulatory Authorities' (RAs) consultations on all I-SEM related matters.

The I-SEM market arrangements create risks to revenues from generation activities. The CRM 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. 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. Although the LRSAs and the current capacity market arrangements have been in place since 1 October 2018, there could be a potential risk, that the awarding of these contracts is subject to challenge or the European Commission's decision to approve state aid for the Irish capacity market could be subject to challenge.

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 January 2020 the UK Government's European Union (Withdrawal Agreement) Bill gained Royal Asset and the UK formally left the EU on 31 January 2020. While the terms of its departure from the EU have been agreed, during the current transition period the UK remains in the EU's single market and customs union. This transition period is currently due to come to an end on 31 December 2020 and the UK Government is currently negotiating a free trade agreement which is expected to apply from the end of the transition period. Until the terms of any future free trade agreement are known, exit from the EU could have significant consequences for the UK and therefore Northern Ireland. The RAs in Northern Ireland and the RoI and both governments continue to state their commitment to the I-SEM market. The Group will continue to monitor and manage emerging Brexit related risks in the months ahead.

Development of generation assets

Through the development of conventional and renewable generation assets, including new technologies, the Group is exposed to various risks including technical, commercial, contractor, planning, financing and economic risks. Furthermore the COVID-19 outbreak has the potential to disrupt the availability of contractors, equipment and supplies together with the potential to delay obtaining project planning consents and permissions. Such risks could delay the construction of wind farm, bioenergy, conventional generation, solar or hydrogen production projects or the commencement of commercial operations or adversely impact operational efficiency. Experienced senior staff operate appropriate project management controls to manage the project risks with appropriate management reporting up to the Board.

Delivery of growth initiatives and IT projects

As part of its strategy the Group has identified a number of strategic planning and growth initiatives. The delivery of these initiatives requires the Group to have a team of experienced senior staff with the appropriate skills and capabilities. The Group also faces market-led initiatives that require significant investment in specialist staff resources in order to deliver complex IT projects required to operate in the market. The Group has a dedicated corporate development team in place responsible for the delivery of identified strategic objectives and an IT project management office to oversee the delivery of IT projects. There is a risk that the Group is unable to attract, develop and retain the staff necessary to ensure that it has the appropriate capabilities to meet its strategic objectives. Furthermore the COVID-19 outbreak has the potential to disrupt the availability of contractors and specialist resources which may be required to deliver IT projects.

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. These business continuity plans proved to be effective in helping the Group respond to the impact of the COVID-19 outbreak. In late February 2020, management established an Incident Management Team to specifically address the COVID-19 related issues faced by the Group. In addition the Group's senior management team meet regularly to monitor the response and take appropriate steps to protect staff, customers and the Group's businesses.

Energia Group has business interruption insurance in place for both Huntstown 1 and 2 and the wind farm assets and is in the process of putting business interruption insurance in place for the Huntstown Bioenergy plant. An IT disaster recovery plan is in place which covers the whole Group and centrally co-ordinated Business Continuity Plans are in place covering the various locations where each business operates. In response to the COVID-19 outbreak, the Group enhanced its working from home capabilities including through the deployment of laptops and secure remote access to corporate systems for groups of staff who were previously office based.

Outsourcing

On 1 October 2019 the Group awarded a new managed service contract to Capita Managed IT Solutions Limited (Capita) for the outsourcing of a range of important Information and Communication Technologies (ICT). Voice and data telecoms services are provided by BT 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.

energia group

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.

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 its 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 publicly 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 further review of its compliance with the UK Criminal Finances Act 2017.

Pensions

The EGNIPS 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 2020 there were 70 members comprising 23 active members, 1 deferred member and 46 pensioners. There is also a money purchase arrangement for employees in the RoI known as 'Choices'. Most employees of the Group are members of EGNIPS 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 or the inability to operate due to system unavailability through malicious cyber attack on the Group's IT systems or its outsourced partners' 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 has a strong cyber security, cloud computing and data protection culture and 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.

Business performance

The Group aims to deliver business performance in line with or better than expectations. There is always a risk that the Group's plans and forecasts may not be deliverable. Management continue to assess the impact of COVID-19 on the Group's operations, finances and business plan projections and has modelled plausible and extreme downside scenarios to determine the expected financial impact on the Group and to stress test its resilience. Furthermore, inappropriate investment or underperformance by a particular business segment can affect the forecasts and growth targets for the Group.

The Group's planning processes are subject to scrutiny from the Energia Group Management Board and the Board and performance by each business segment is reviewed against budget on a monthly basis through the use of KPIs, variance analysis and cash flow reporting.

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.

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

At 31 March	2020 €m	2019 €m
Investments	1.4	1.5
Cash and cash equivalents	190.8	165.4
Senior secured notes €350m (2025)	(345.3)	(344.7)
Senior secured notes £225m (2024)	(251.0)	(257.3)
Interest accruals - Senior secured notes	(1.1)	(1.2)
Other interest accruals	(0.9)	(0.8)
Net debt excluding project finance facilities	**(406.1)**	**(437.1)**
Project finance cash	30.0	31.2
Project finance bank facility (RoI)	(130.0)	(112.0)
Project finance bank facility (NI)	(208.0)	(224.0)
Project finance interest accruals	(0.2)	(0.1)
Pro-forma net debt	**(714.3)**	**(742.0)**

The maturity profile of the Group's loans and borrowings at 31 March 2020 is as follows:

Facility	€m	Maturity
Senior secured notes €350m	(345.3)	September 2025
Senior secured notes £225m	(251.0)	September 2024
Senior revolving credit facility	-	September 2023
Project finance facilities	(338.0)	2020-2035
Interest accruals - Senior secured notes	(1.1)	
Other interest accruals	(0.9)	
Project finance interest accruals	(0.2)	
	(936.5)	

Maturity analysis of loans and other borrowings is:

Facility	2020 €m	2019 €m
In one year or less or on demand	(25.9)	(25.1)
In more than one year but less than two years	(20.5)	(17.5)
In more than two years but less than five years	(317.8)	(59.0)
In more than five years	(572.3)	(838.5)
	(936.5)	**(940.1)**

Project finance bank facilities

During the year non-recourse project finance facilities of up to €36.8m were put in place (including a term loan of €31.4m, 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	2020 €m	2019 €m
Project finance bank facilities	409.3	384.4
Draw down	(405.8)	(384.4)
Undrawn committed project finance facilities	**3.5**	-

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.

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 (including adjustment for the anticipated impact of COVID-19), 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 2020, the Group had letters of credit issued out of the Senior revolving credit facility of €163.3m resulting in undrawn committed facilities of €91.0m (2019 - €81.4m). There were no cash drawings under the Senior revolving credit facility at 31 March 2020 (2019 - €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 2020, there was €30.0m (2019 - €31.2m) 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 2020 and 31 March 2019 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 2020, 96.6% of the Group's total borrowings were on a fixed rate basis and therefore not subject to any interest rate risk.

At 31 March	2020 €m	2019 €m
Loans and other borrowings fixed/floating analysis:		
Fixed rate debt	(904.5)	(899.7)
Variable rate debt	(32.0)	(40.4)
	(936.5)	**(940.1)**

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	2020 €m	2019 €m
Loans and other borrowings currency analysis:		
Euro	(478.1)	(457.7)
Sterling	(458.4)	(482.4)
	(936.5)	**(940.1)**

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 and GB Power price exposures. Power NI's policy is to hedge its exposure to changes in the price of gas and GB Power 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 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. In response to the COVID-19 outbreak the Group completed a review of its provisions for bad debts as at 31 March 2020 (disclosed in note 19). However, there is a risk that the actual level of deferral or default on payments by customers is higher than that assumed when estimating the provisions made at the balance sheet date.

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 and obtains security deposits, where relevant, under its credit policy in respect of certain trade receivables. Energia, PPB and Power NI 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 the principal risks and uncertainties likely to affect its future performance are described in the preceding paragraphs.

In assessing the appropriateness of the going concern basis of accounting the Group's cash flow projections prepared by management were adjusted for the forecast impact of COVID-19 using assumptions reflecting:

- updated fuel prices (applying forward curves for commodities at 6 April 2020);
- a forecast reduction in electricity demand across the island of Ireland (including observed demand reduction data seen in the market since lockdown commenced); and
- reduced demand specific to the Group's portfolio of customers together with delays in customers paying their bills based on a detailed segmentation of the Group's customer base to identify those customers most likely to be impacted.

The COVID-19 adjusted projections were then subjected to a further downside scenario reflecting an additional deterioration in EBITDA and working capital. In both scenarios tested, the Group was shown to have sufficient financial headroom and was able to operate within the minimum EBITDA covenant contained within its Senior revolving credit facility.

Whilst the Group's consolidated balance sheet shows net current liabilities of €36.1m at 31 March 2020, this is primarily a result of the fair value of derivative liabilities of €54.7m which are deemed to be effective hedges (excluding interest rate swap hedges) which are ultimately backed by forecasted demand for contracted customers which is not recognised on the balance sheet at year-end but will be recognised at the time the hedge transactions are settled.

Having considered the matters above, the Director has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, therefore, continues to adopt the going concern basis in preparing the annual report and accounts.

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CORPORATE SOCIAL RESPONSIBILITY REPORT

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 848 employees at 31 March 2020 (2019 - 795) with 175 employed in the RoI (2019 - 153) and 673 employed in Northern Ireland (2019 - 642).

Health and safety

A CSR priority for the group is to ensure health and safety remains a key focus for all employees, including contractors and the general public through the promotion of a positive health and safety culture and with 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 management system is certified by the NSAI to ISO 45001:2018. 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 the Health and Safety Authority in the ROI as well as the Health and Safety Executive for Northern Ireland.

Meenadreen wind farm, County Donegal

During the year, Energia Group became an active member of the Northern Ireland Safety Group and plays a key role in supporting the Waste Industry Safety and Health Forum. Five dedicated internal health and safety professionals are employed across the group, alongside an external health and safety consultant who provides advice and recommendations to management on a range of health and safety matters.

Alongside in-house reviews, external audits are carried out on every part of the organisation at least one a year.

Excluding third party contractors there were no reportable incidents or lost time incidents during the year ended 31 March 2020 (2019 - nil). Including third party contractors there were three reportable incidents or lost time incidents (2019 - three).

KPI	2020 Number	2019 Number
LTIR (per 100 employees, excluding third party contractors)	-	-

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 and is reviewed regularly to confirm its continued relevance to the organisation. The four 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, scarce and business critical 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 and identify their key strengths 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 encourages regular ongoing conversations between line managers and employees to ensure greater focus on career development.

The Talent Management process also includes annual Talent Forums for each business and key functional areas across the Group, to ensure that key skills 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. Clear and open communication to all staff on these processes and their rationale ensures buy-in and general engagement in the Group's talent management activities.

The Group has embedded several development programmes including LEAP (Future Leaders' Programme), Aspire (High Potential Programme), Evolve (First Line Manager Programme), Elevate (Senior Managers and Managers of teams) and Ignite (Student Placement Programme). The Group has also recently launched the Emerging Leaders programme for those identified through the Talent Forums as having potential for future leadership roles.

A Talent Steering Group has responsibility for establishing and agreeing the scope of each programme, the critical success factors for the organisation and for the individual and the evaluation criteria and regular monitoring of each programme. These programmes are complemented via 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, dependent leave and flexible working.

These policies are regularly reviewed and updated on an ongoing basis. During the year the Group updated its Parental Leave Policies for the RoI and Northern Ireland, the Flexible Working Policy, the Dignity at Work Policy and the Grievance Policy. All policies are available to employees via the Group's intranet VOLT.

Wellbeing

Energia Group is committed to ensuring its employees are well looked after, cared for and supported in all that they do. Wellness is a core part of ensuring the Group operates effectively. During the year ended 31 March 2020 the Group's Wellbeing programme included various lunch and learns on the topics of mental health, nutrition, shift workers, positive mindset, cardiovascular health awareness and optimising your work life balance.

Extensive communication and specific advice on health, safety, wellbeing and mental health was provided to employees at the commencement of the COVID-19 outbreak. Ongoing communication and advice in relation to COVID-19 continues to be provided.

The Group invests heavily in its wellness programme which includes the provision of third party occupational health and counselling services, private medicals and seasonal flu vaccines. 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 Group also offers employees free gym membership with a local Belfast gym or in some cases an annual allowance towards gym membership fees. Alternatively, employees can avail of corporate gym memberships negotiated by the Group.

Other benefits include free eye tests, a bought holidays scheme and the provision of a Sports and Social Club.

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 3.03% for the year ended 31 March 2020 (2019 - 3.11%).

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.

During the year the Group completed a company-wide Employee Engagement Pulse Survey using the Great Place to Work Trust Index methodology. Participation was extremely high with an overall participation rate of 91% demonstrating significant employee engagement.
Outcomes from the survey were reviewed and communicated back to staff initially via a number of employee focus groups representing the various functions across the Group. Action plans have been prepared and are currently being updated for feedback received from the employee focus groups.

The next employee engagement survey will be completed before the end of 2020. 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 Queen's University Belfast, Ulster University, Dublin City University and University College Dublin. A total of 25 students from these universities 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 strategy.

Innovation

During the year, Energia Group stepped up its innovation capability, appointing a new Head of Innovation role. An Innovation Hub has been formed comprising of people from across the Group to collaborate on ‘New Energy’ innovations. A Group wide innovation focused learning and development programme has also been implemented and has delivered design thinking and innovation skills to over 100 employees. Energia Group has also engaged with Queen’s University Belfast and Ulster University to support student entrepreneurship programmes. Power NI continues to be a member of Catalyst which supports innovation and entrepreneurship in Northern Ireland.

In November 2019 a PPB member of staff presented at the European Utility Week conference in Paris on the topic of “A New Electricity Market for Ireland - One Year On”, reflecting on the first year of the new wholesale market in Ireland. He has also produced and published internally and shared on social media blogs entitled “Sunniest place in NI” and “The wind merit order”.

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% (2019 - 46%) of its employees, senior management and Directors being female and 54% (2019 - 54%) being male.

	2020		2019	
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	8	3
Other Employees	455	387	420	364

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 9 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

In June 2020 the Group was awarded the Bronze Diversity Charter Mark from Diversity Mark NI in recognition of the Group’s commitment to diversity and inclusion.

Diversity Mark

Environment

In line with its Positive Energy initiative, the Group is committed to Irish communities, the economy and the sustainability of Ireland's energy supply while contributing decisively to decarbonisation and the protection of the domestic and global environment.

The Group's Environmental Management System is certified to ISO 14001:2015 and its environmental CSR priorities are focused on several key areas:

- operation of the Huntstown CCGTs and Bioenergy plants in compliance with legal and regulatory requirements;
- direct investment in, and contracting with, a range of renewable generators to produce low carbon electricity which can be supplied to customers of the Group's retail supply businesses;
- the promotion of energy-saving ideas to its customers through the provision of energy efficiency advice, grants and other value-added services; and
- develop the supply of renewably-sourced hydrogen fuel from an on-shore windfarm to power public transport buses in Northern Ireland thereby improving local air quality and reducing carbon emissions.

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 continually seeks to develop standards which go beyond these 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's Green Team continually seeks to improve the environmental status of the Group and reduce and better manage energy consumption and waste output. The Green Team have been successful in promoting environmental awareness among employees and encourage employees to practice better environmental behaviours and lifestyles both in and outside of the workplace.

The Green Team has also been successful in improving energy efficiency and reducing the Group's carbon footprint through the investment in two electric vehicles (one in Dublin and one in Belfast) which are made available for business use by employees. The Group has secured a partnership with a local supplier for employees to purchase their own electric vehicles and EV charging points have been installed at the Group's locations. In total 18 EV charge points have been installed at five of the Group's sites across Ireland with more planned for the future. During the year the Group's offices in Dublin had their lighting upgraded to LEDs and the Group also launched an ebike scheme at its Liberty Building office in Dublin which has proven to be a great success and is regularly used by 33 members of staff.

Renewables

Energia Group is a significant contributor to the sustainable energy agenda in both Northern Ireland and the RoI. Its renewable portfolio currently generates circa 3,300GWh offsetting the emission of circa 1,000,000 tonnes of CO_2 per annum.

During the year the Huntstown Bioenergy plant continued construction and entered commissioning. In October 2019 it received its first waste as part of the commissioning programme. The plant processes waste to generate up to 4.8 MWh, when fully operational, of renewable electricity and heat. The electricity is exported to the grid whilst the heat is used on site for the anaerobic digestion process and to heat offices and associated buildings.

The waste processed by the bioenergy plant would otherwise have been sent to landfill or incineration. The commissioning programme will continue through into 2020 at which point the plant will become operational and treat up to 100,000 tonnes per year of household and commercial organic waste.

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 2019 and 2018 are as set out below:

Calendar year 2019				
Tonnes	**NO_x**	**SO_2**	**CO**	**CO_2**
Huntstown 1	600	19	784	686,180*
Huntstown 2	396	-	357	511,292*

*Calculated value

Calendar year 2018				
Tonnes	**NO_x**	**SO_2**	**CO**	**CO_2**
Huntstown 1	342	13	1,101	497,590*
Huntstown 2	355	-	497	545,825*

*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.

Customer Solutions

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

Republic of Ireland

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 €1.8m (2019 - €0.6m) implementing a total of 55 projects (2019 - 49 projects) with estimated annual energy savings of 53.3 GWh Primary Electrical Energy (PEE) (2019 - 31.6 GWh PEE). This represents an estimated annual saving of 12,641 tonnes (2019 - 6,049 tonnes) of CO_2 savings and annual customer benefits of over €3.5m (2019 - €1.3m) based on an electricity unit rate of 10c/kWh and gas unit rate of €4.5c/kWh.

Through the Residential EEOS in the RoI, approved by the SEAI, Energia provided funding for energy efficiency projects of €1.6m (€1.4m Residential, €0.2m Fuel Poor) (2019 - €2.6m) implementing a total of 5,611 projects (2019 - 8,520) with estimated annual energy savings of 11.5 GWh PEE (2019 - 23.7 GWh PEE). This represents estimated annual savings of 2,730 tonnes of CO_2 (2019 - 4,858 tonnes) and annual customer benefits of over €1.0m (2019 - €1.2m).

Energia continue 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.

Energia continues to run customer information programmes particularly aimed at energy efficiency for all industrial and commercial customers. These programmes include energy awareness days and energy efficiency literature. 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 its Cash for Kilowatts scheme and has launched a Lighting Solutions scheme which allows Energia customers to upgrade their lighting and repay the capital costs through their energy bills. Energia are also currently trialling the use of IoT technology to assist customers to track and reduce their energy consumption.

As part of the development of the Meenadreen Windfarm, Energia, in partnership with Donegal County Council, ran a pilot scheme with the financial support of the Meenadreen windfarm community fund. The scheme identified four properties located within 10km of the windfarm. €16,500 worth of funding was provided from Energia across the four properties to carry out energy efficiency upgrades, such as cavity insulation and new windows installed. This project delivered energy savings of 18,550 kWh PEE to Fuel Poor households.

Energia is also working on a new energy awareness app for children in primary school. By participating in an awareness day each class will learn about energy use, climate and recycling by using a fun and innovative app. The app takes the children on a sustainability journey showing them new and fun ways to help our planet. Energia are currently in the final stages of developing the app for use.

Northern Ireland

In Northern Ireland, during the year Power NI and Energia had €0.4m of schemes approved through the NISEP programme. This totalled 6 schemes with estimated lifetime reductions of 133 GWh (2019 - 248GWh) in energy demand. This represents an estimated 58,000 tonnes of CO_2 savings (2019 - 92,000 tonnes) and customer benefits in excess of €20.5m (2019 - €41.0m) over the lifetime of these measures.

Over 6,800 customers (2019 - 7,000 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 12,400 sites use this service and Power NI acts as an Ofgem Agent on behalf of more than 9,500 sites. Power NI continues to see a small number of export only sites registering on the microgeneration tariff mainly for solar PV showing there is still interest within the residential market for small scale renewables. 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 in the year ended 31 March 2020 over 600 customers (2019 - 800) had completed the HEC.

An online billing service is also available from the Power NI website. The service, called Energy Online has 130,100 (2019 - 116,100) residential and commercial customers registered to view their bills, submit their meter readings and view their electricity consumption online.

Power NI continues to work with customers and develop projects to help reduce their environmental impact. Examples include residential and commercial electric vehicle propositions, green energy products, and residential demand-side solutions for microgeneration customers.

Power NI are providing customers with 'smart' insights on their electricity consumption and during the year commenced the roll-out of its Power NI Bot app. Customer feedback to date has been extremely positive and encouraging.

SECR (Streamlined Energy and Carbon Reporting)

The following section represents a summary of the Group's reporting for its UK businesses as required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The full SECR reporting for the Group's UK businesses is published on the Group's website.

In line with SECR requirements, the quantity of emissions in tonnes of carbon dioxide equivalent (tCO_2e) resulting from UK energy use relating to gas, electricity and transport fuel within the Energia Group has been calculated for the year ended 31 March 2020 as follows:

Scope	Activity	2020 MWh	2020 tCO_2e	2019 MWh	2019 tCO_2e	% change tCO_2e
1	UK company vehicles	61	20	70	24	(16)
2	UK energy use	691	280	745	296	(5)
3	UK business travel	415	109	449	120	(9)
	Total	1,167	409	1,264	440	(7)
	Total tCO_2e per FTE		0.6		0.7	(11)

Total tCO_2e in the year ended 31 March 2020 was 409 (2019 - 440) representing a 7% reduction on the previous year. Further analysis of the Group's UK emissions and energy efficiency steps taken are provided in the full report on the website.

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. The Group's Northern Ireland operations for Energia and Power NI report 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.

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.

During the year, in line with its Positive Energy initiative, the Group announced an official partnership with the Irish Rugby Football Union (IRFU). This five-year partnership sees Energia become Official Energy Partner to Irish Rugby and title sponsor of both the Men's and Women's All Ireland League competitions.

Energia has been passionate in raising awareness of the sport, in particular women's rugby, and has connected with numerous grassroots clubs around the country in order to better understand their challenges and helping to grow the Women's League. Through its marketing expertise and sponsorship campaign, Energia has provided a platform for female athletes to shine and this has led to the addition of two new women's teams. These clubs and teams provide an accessible pathway for female athletes to reach the highest levels of the game.

To ensure women's rugby in Ireland is getting the media recognition it deserves, Energia produced a three-part documentary following the Leinster women's teams and staff. The series explored the players, management and future development of the sport and was broadcast across media channels including 20x20.

As an additional commitment to women in sport, Energia continued its sponsorship of the Wexford Youths Women FC, who compete at the highest senior level of football in Ireland.

Along with the sponsorship support for Women in Sport externally, Energia have also pursued similar sponsorships internally. Holly Dunnion, the 11 year old daughter of one of our employees, is one of the youngest and most successful Motorsport racers in Ireland. In 2019 Holly finished first overall in the Motorsport Ireland Novice Cadet Kart Racing Championship. This class is for both boys and girls aged between 8 and 13 years old and Holly is the first ever female winner.

In 2019, Energia continued its partnership with Grow it Yourself (GIY). As part of the "Energia Get Ireland Growing" partnership, a fund of €75,000 was awarded to 86 community food growing projects across the island of Ireland. The teams behind 86 community projects will each receive funds in order to develop their unique projects for the benefit of their local community.

The recipients include community groups, schools, NGOs and Not for Profits, community gardens and allotment groups, GIY groups, hospitals, crèches, direct provision centres and men's sheds all across the country.

In addition to the funding provided, GIY will also provide additional support and opportunities for knowledge exchange between the projects, helping the best ideas to be shared through 'Energia Get Ireland Growing'. All of the projects remain part of the GIY network in the long term, giving them access to other GIY resources and additional groups and projects within the network, creating a long-term legacy.

Seachtain na Gaeilge is a movement to help people use their native Irish language and have fun with it. 2020 saw Energia renew its sponsorship of Seachtain na Gaeilge for three more years. Since Energia's involvement three years ago, the campaign has gone from strength to strength with an increasing number of local communities across the country getting involved.

Power NI offers a 'For Your Benefit' service for its customers which includes a benefit entitlement check, budgeting, signposting and energy advice for particularly vulnerable customers. During the year 189 (2019 - 134) customers availed of the service and all had been referred by the Power NI contact centre staff.

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 Christians Against Poverty, NEA and Advice NI.

Power NI aims to assist its customers with special needs through a number of these services. Over 2,400 customers (2019 - 2,400 customers) with special requirements benefit from a range of services through Power NI's special needs register. During the year 12 Power NI staff received training from local charity, NOW Group, on their JAM Card. A JAM Card allows people with a learning difficulty, autism or communication barrier tell others they need 'Just A Minute' discreetly and easily.

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. Around 158,000 residential customers (2019 - 158,000) 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 the winter campaign 'Spread the Warmth' was very successful with a social media reach of almost

80,000. Power NI staff in Belfast, Antrim and Omagh also donated over 200 charity bags for Age NI to stock their shops with each bag worth €12.60 on average to the charity.

During the year Power NI reached out to existing and new partners to give its staff the opportunity to make a difference in the communities in which they work and live. We didn't only give financially, we gave our time and provided practically to local foodbanks, local charities and local community groups.

Power NI staff supported three local foodbanks in Belfast, Antrim and Strabane (closest to Power NI's Omagh contact centre) and during the year donated enough food to supply over 1,300 meals for local families during 'Holiday Hunger' and at Christmas.

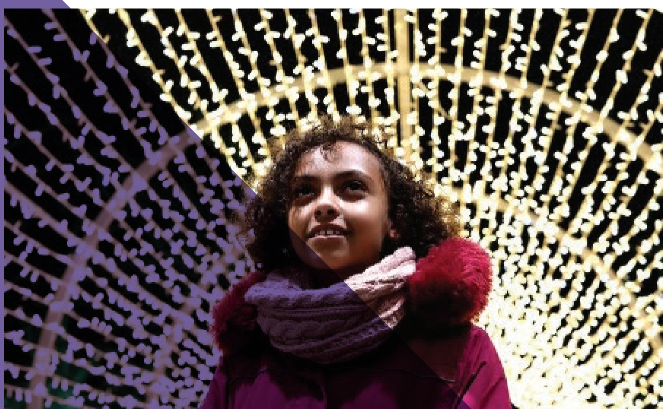
Power NI sponsored Business in the Community's first 'Volunteer Week' during June 2019. The aim was to engage businesses across Northern Ireland in community support

and to celebrate the positive effects for local businesses of working to practically support local charities. Leading from the front, Power NI had over 80 staff from across its sites working with eight groups in Belfast, Omagh and Ballymena.

The support ranged from Mencap in South Belfast, to An Creagan outside Omagh, to the Ardkeenan Animal Sanctuary in Antrim and the People's Park in Ballymena.

During the year Power NI also provided volunteer support to Saint Vincent de Paul (SVP). Fifty staff from across Power NI offered to help with the toy appeal during the first two weeks of December and during each of their three hour shifts they helped to unpack toys which had been donated, sort toys to fulfil requests, get the toys ready for distribution and tidy and sort the toy room - staff also provided more toys for age groups where supplies were limited so that no families were disappointed.

Power NI also runs its Brighter Communities programme where each month it awards a €1,147 grant to a community group or club to help them roll out a creative project and improve their local community.



During the year, Power NI Brighter Communities helped 11 (2019 - 16) community groups across Northern Ireland, donating a total of around €13,750 (2019 - €19,000). Flourish NI, Belfast City BMX Club, Foyle Down Syndrome Trust and Street Soccer NI are among some of the worthy recipients. The fund has now invested €34,000 in communities since opening in 2018.

Power NI continued to operate its ‘Helping Hands in the Community’ Scheme which is available for all employees to obtain support for an organisation/charity that they are involved with. In 2019, 25 projects were given up to €340 from Power NI (circa €11,400) and some of those supported include Lagan Search and Rescue, Dance Revelation in Omagh, Shine Autism Support Group and Belfast Cubs Softball Team.

Power NI continues to be a proud sponsor of Culture Night Belfast - Northern Ireland’s biggest night out celebrating the arts. With over 110,000 visitors, the Belfast city wide initiative has now become synonymous with the Power NI brand. Growing on the 2018 collaboration, Power NI was the largest private sponsor of the now two day event as 2019 marked the first ‘Culture Day’, allowing the event to focus on families, aligning even further with the Power NI brand. The circa €17,000 investment allowed Power NI to ‘takeover’ Cathedral Gardens beside St Anne’s Cathedral, turning the area into a mini music festival for two days, featuring some of the best musical talent in Northern Ireland. The stage was hosted by U105’s Carolyn Stewart, a popular DJ in the city.

In recognition of the Culture Night sponsorship, Power NI received the ‘Best New Sponsor’ award at the prestigious 2020 Arts & Business Awards, commending Power NI’s genuine impact and outreach to the arts community in the city.

In addition to this, 2019 marked the start of a partnership with Mary Peters Trust. Coinciding with Lady Mary’s 80th birthday, Power NI was the primary corporate sponsor of Northern Ireland’s leading sporting charity. Lady Mary Peters is an Olympic gold medalist and one of the best known Northern Irish celebrities, well known for her community commitment to young people and sport. Her Trust, the Mary Peters Trust, annually awards funding to young athletes to help them achieve their sporting ambition - from local events to representing the country at the Olympics. The charity aimed to fundraise circa €1.1m in a year before the special 80th birthday celebrations. Power NI contributed €8,500 as part of its ongoing relationship with the Mary Peters Trust which covered headline sponsorship of two festive lunches, Lady Mary’s 80th birthday and three €2,295 bursaries to three young athletes. The young athletes along with Lady Mary Peters appeared in a media campaign including on billboards and social media.

Christmas 2019 saw Power NI as the headline sponsor of the ‘Power NI Enchanted Winter Garden’ at Antrim Castle Gardens, a €17,200 investment. The family event takes place in December in the run up to Christmas, turning the area into a light-up festival of fun. The event run by Antrim and Newtownabbey Council further strengthened Power NI’s brand in the Antrim area. The event was a sell out with over 80,000 attending over the month.

Furthermore, in celebration of the on-going commitment to the community, Power NI was highly commended at the 2019 Business Eye Awards in the CSR category.

Balmoral Show has always been a big part of Power NI’s farm outreach and a team of staff from across the business welcomed the chance to meet with customers to discuss their electricity needs and to promote the Your Voice panel.

Power NI has been a valued supporter of the Young Farmers’ Clubs across Northern Ireland for over 7 years and in the year ended 31 March 2020 Power NI sponsored their 90th anniversary celebrations.

Local business awards are becoming synonymous with Power NI and provide a great opportunity to celebrate the best in local business. During the year, Power NI sponsored awards with Lisburn and Castlereagh Council, Belfast Chamber, Armagh City, Banbridge and Craigavon Council, North West Chamber and Ballymena Area Chamber of Commerce.

In March 2020, Power NI held numerous electric vehicle information days in conjunction with Fleet Focus and Baird Electrical. The educational events, which took place at the Crowne Plaza Belfast, focused on the growth of EVs and charging solutions for local businesses.

Charitable donations

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.

In addition to sponsorship of organisations of €2,064,000 (2019 - €1,077,000), the Group's donations to charities in the year were €46,000 (2019 - €33,000). There were no contributions for political purposes.

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.

In the year ended 31 March 2020, Energia's charity partner was Dogs Trust, Ireland's largest dog welfare charity. The Charity is working towards the day when all dogs can enjoy a happy life free from the threat of unnecessary destruction. To achieve their mission, they rescue, care for and rehome stray and abandoned dogs, as well as educate the public about responsible dog ownership, with the ultimate aim of reducing the number of dogs put to sleep in Ireland. Energia has raised approximately €10,000 for Dogs Trust. This was fundraised by staff through quizzes, taking part in fitness challenges, bake sales, a Christmas raffle and much more. In addition to this, Energia's employees have given over 120 hours taking part in volunteering days with Dog's Trust.

In the year ended 31 March 2020, Power NI's charity partner was Dementia NI, a local charity founded by five individuals who had a dementia diagnosis.

During the year Power NI has raised around €3,000 for Dementia NI (2019 - €5,700 for Chest, Heart and Stroke) through various fundraising activities such as raffles, coffee mornings, a weekly bonus ball draw and an abseil.

In November 2019, Energia ran its "Ireland's Most Christmassy Home" competition and donated €6,000 to the chosen charities of those entrants whose houses finished first, second and third place following the public vote.

MANAGEMENT TEAM, OWNERSHIP AND DIRECTORSHIP

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 and was appointed to the Executive Committee in 2003. 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.

Peter Baillie – Managing Director, Renewables

Peter has been in his current role since 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.

John Newman – Managing Director, Flexible Generation, Regulation and Trading

John was appointed Managing Director, Flexible Generation, Regulation and Trading in 2020. He joined the Group in 2002 and has held a number of senior roles within Energia, most recently Director of Trading & Regulation since 2008. Prior to this John worked at Northern Electric where he held a number of senior roles.

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 including Manager of Power Planning Economics from 1992 to 2002.

energia group

Gary Ryan – Managing Director, Customer Solutions

Gary was appointed Managing Director, Customer Solutions in 2020. He joined the Group in 2000 and has held a number of senior roles within Energia including Managing Director, Sales & Marketing Director and Head of Sales. 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.

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.

Following the establishment of a consolidated Customer Solutions directorate, Stephen will assume a new role supporting the delivery of the Group's strategic objectives pending his retirement.

Garrett Donnellan – Managing Director, Corporate Development

Garrett has been in his current role since 2012. Prior to this, 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.

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.

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.

Ownership

The Company's parent is Energia Group TopCo Limited. Energia Group TopCo Limited is majority owned by ISQ Viridian Holdings L.P., a limited partnership incorporated in the Cayman Islands. ISQ Viridian Holdings L.P. 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 $14 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, 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 19 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 EY 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 Strategic and Director's Report, as set out on pages 7 to 25 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

8 June 2020

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 International Financial Reporting Standards (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 as adopted 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.

INDEPENDENT AUDITORS' REPORT

To the members of **Energia Group Limited**

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the financial statements of Energia Group Limited for the year ended 31 March 2020 which comprise the Consolidated Income Statement, Consolidated Statement of Other Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Change in Equity, Consolidated Statement of Cash Flows and the related notes 1 to 36, 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 2020 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.

Emphasis of matter - Effects of COVID-19

We draw attention to notes 2.1, 14 and 19 of the financial statements, which describes the economic and social impact the Group is facing as a result of COVID-19 which is impacting electricity demand; fuel prices; and potential delay in the payment of bills by customers and an increase in bad debt. Our opinion is not modified in respect of this matter.

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 4 - 82, other than the financial statements and our auditor's report thereon. The Directors are 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 83, 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

Use of our report This report is made solely to the company’s Directors, as a body, in accordance with our engagement letter dated 20 May 2020. Our audit work has been undertaken so that we might state to the company’s Directors 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 Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Belfast
11 June 2020

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2020

	Notes	Results before exceptional items and certain remeasure-ments 2020 €m	Exceptional items and certain remeasure-ments (note 7) 2020 €m	Total 2020 €m	Results before exceptional items and certain remeasure-ments 2019 €m	Exceptional items and certain remeasure-ments (note 7) 2019 €m	Total 2019 €m
Revenue	4	1,905.8	-	1,905.8	2,031.6	-	2,031.6
Operating (costs) / income	6	(1,802.9)	0.8	(1,802.1)	(1,922.8)	(11.5)	(1,934.3)
Operating profit	4	**102.9**	**0.8**	**103.7**	**108.8**	**(11.5)**	**97.3**
Finance costs	10	(40.4)	-	(40.4)	(47.2)	-	(47.2)
Finance income	10	0.8	-	0.8	1.4	-	1.4
Net finance cost		(39.6)	-	(39.6)	(45.8)	-	(45.8)
Share of loss in associates	15	(0.2)	-	(0.2)	(1.0)	-	(1.0)
Profit on sale of associate	15	-	4.1	4.1	-	5.2	5.2
Profit before tax		**63.1**	**4.9**	**68.0**	**62.0**	**(6.3)**	**55.7**
Taxation	11	(6.5)	(0.7)	(7.2)	(10.4)	2.0	(8.4)
Profit for the year		**56.6**	**4.2**	**60.8**	**51.6**	**(4.3)**	**47.3**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2020

	Notes	**2020 €m**	2019 €m
Profit for the year		**60.8**	**47.3**
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(15.1)	11.8
Net loss on cash flow hedges		(93.9)	(10.7)
Loss / (gain) on cash flow hedges transferred from equity to income statement		35.9	(0.2)
Share of associates net gain on cash flow hedges		0.1	0.9
Income tax effect		6.1	1.6
		(51.8)	**(8.4)**
		(66.9)	**3.4**
Items that will not be reclassified to profit or loss:			
Remeasurement loss on defined benefit scheme	24	**(1.5)**	(1.0)
Income tax effect		0.5	0.2
		(1.0)	**(0.8)**
Other comprehensive income / (expense) for the year, net of taxation		**(67.9)**	**2.6**
Total comprehensive (expense) / income for the year		**(7.1)**	**49.9**

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CONSOLIDATED BALANCE SHEET

as at 31 March 2020

ASSETS	Notes	31 March 2020 €m	Restated[1] 31 March 2019 €m
Non-current assets:			
Property, plant and equipment	12	568.5	513.9
Intangible assets	13	630.1	617.4
Right-of-use assets	30	25.3	-
Investment in associates	15	-	2.9
Derivative financial instruments	26	2.5	2.7
Deferred tax assets	11	33.4	29.7
		1,259.8	**1,166.6**
Current assets:			
Intangible assets	13	68.0	76.8
Inventories		2.7	5.6
Trade and other receivables	19	219.4	216.4
Derivative financial instruments	26	23.4	22.4
Other current financial assets	18	12.5	13.1
Cash and cash equivalents	20	220.8	196.6
Income tax recoverable		0.1	-
		546.9	**530.9**
TOTAL ASSETS		**1,806.7**	**1,697.5**

LIABILITIES	Notes	31 March 2020 €m	Restated[1] 31 March 2019 €m
Current liabilities:			
Trade and other payables	21	(439.7)	(421.4)
Income tax payable		-	(2.6)
Financial liabilities	22	(35.6)	(30.8)
Deferred income	23	(0.7)	-
Derivative financial instruments	26	(67.0)	(15.7)
Dividends payable	32	(40.0)	-
		(583.0)	**(470.5)**
Non-current liabilities:			
Financial liabilities	22	(949.6)	(915.4)
Derivative financial instruments	26	(37.5)	(31.7)
Net employee defined benefit liabilities	24	-	-
Deferred tax liabilities	11	(14.6)	(11.9)
Provisions	25	(21.5)	(16.3)
		(1,023.2)	**(975.3)**
TOTAL LIABILITIES		**(1,606.2)**	**(1,445.8)**
NET ASSETS		**200.5**	**251.7**
Equity			
Share capital	27	-	-
Share premium		746.5	766.6
Retained earnings		(490.0)	(567.9)
Capital contribution reserve		40.8	83.0
Hedge reserve		(65.6)	(13.9)
Foreign currency translation reserve		(31.2)	(16.1)
TOTAL EQUITY		**200.5**	**251.7**

The financial statements were approved by the Board and authorised for issue on 8 June 2020.

They were signed on its behalf by:
Ronald Schweizer, Director
Date: 8 June 2020

[1] Restated due to reclassification of intangible assets as per note 36

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

	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 2018		**-**	**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**
Dividend 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**
Effect of new accounting standard	3	-	-	(4.2)	-	-	-	(4.2)
Restated at 1 April 2019		**-**	**766.6**	**(572.1)**	**83.0**	**(13.9)**	**(16.1)**	**247.5**
Exchange adjustment		-	(20.1)	22.2	(2.2)	0.1	-	-
Profit for the year		-	-	60.8	-	-	-	60.8
Other comprehensive expense		-	-	(1.0)	-	(51.8)	(15.1)	(67.9)
Total comprehensive expense		**-**	**(20.1)**	**82.0**	**(2.2)**	**(51.7)**	**(15.1)**	**(7.1)**
Dividend approved	32	-	-	-	(40.0)	-	-	(40.0)
Share-based payments	33	-	-	0.1	-	-	-	0.1
At 31 March 2020		**-**	**746.5**	**(490.0)**	**40.8**	**(65.6)**	**(31.2)**	**200.5**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2020

	Notes	2020 €m	2019 €m
Cash generated from operations before working capital movements	28	**154.6**	**155.2**
Working capital adjustments:			
Decrease in inventories		2.9	-
(Increase) / decrease in trade and other receivables		(1.9)	1.7
Decrease / (increase) in security deposits		0.5	(7.0)
Increase in trade and other payables		14.5	52.5
Effects of foreign exchange		4.7	(1.6)
		175.3	**200.8**
Interest received		0.5	0.3
Interest paid		(42.5)	(42.2)
		(42.0)	**(41.9)**
Income tax paid		(4.2)	(0.5)
Net cash flows from operating activities		**129.1**	**158.4**

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

for the year ended 31 March 2020

	Notes	2020 €m	2019 €m
Investing Activities			
Purchase of property, plant and equipment		(49.0)	(73.2)
Purchase of intangible assets		(175.5)	(145.9)
Proceeds from sale of intangible assets		170.0	119.1
Disposal of subsidiary, net of cash disposed		(0.2)	(0.2)
Distributions received from associates		-	0.8
Interest received from associates		0.3	0.7
Disposal of associate		6.5	9.8
Acquisition of subsidiaries	16	(57.6)	(23.2)
Net cash flows used in investing activities		**(105.5)**	**(112.1)**
Financing activities			
Proceeds from issue of borrowings		27.9	63.0
Repayment of borrowings		(19.8)	(24.2)
Dividend paid to parent undertaking		-	(33.4)
Issue costs of new long-term loans		(1.2)	(1.5)
Payment of principal portion of lease liabilities		(2.6)	-
Net cash flows from financing activities		**4.3**	**3.9**
Net increase in cash and cash equivalents		**27.9**	**50.2**
Net foreign exchange difference		(3.7)	2.4
Cash and cash equivalents at 1 April	20	196.6	144.0
Cash and cash equivalents at 31 March	20	**220.8**	**196.6**

1. CORPORATE INFORMATION

The consolidated financial Statements of Energia Group Limited and its subsidiaries (collectively, the Group) for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Director on 8 June 2020. 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 8-9.

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 2020.

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 schemes that have been measured at fair value and the liabilities of the Group's pension schemes 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.

Going Concern

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

In assessing the appropriateness of the going concern basis of accounting the Group's cash flow projections prepared by management were adjusted for the forecast impact of COVID-19 using assumptions reflecting:

- updated fuel prices (applying forward curves for commodities at 6 April 2020);
- a forecast reduction in electricity demand across the island of Ireland (including observed demand reduction data seen in the market since lockdown commenced); and
- reduced demand specific to the Group's portfolio of customers together with delays in customers paying their bills based on a detailed segmentation of the Group's customer base to identify those customers most likely to be impacted.

The COVID-19 adjusted projections were then subjected to a further downside scenario reflecting an additional deterioration in EBITDA and working capital. In both scenarios tested, the Group was shown to have sufficient financial headroom and was able to operate within the minimum EBITDA covenant contained within its Senior revolving credit facility.

Whilst the Group's consolidated balance sheet shows net current liabilities of €36.1m at 31 March 2020, this is primarily a result of the fair value of derivative liabilities of €54.7m which are deemed to be effective hedges (excluding interest rate swap hedges) which are ultimately backed by forecasted demand for contracted customers which is not recognised on the balance sheet at year-end but will be recognised at the time the hedge transactions are settled.

Having considered the matters above, the Director has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, therefore, continues to adopt the going concern basis in preparing the annual report and accounts.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2020.

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 in 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 16 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.

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 16 - Leases

IFRS 16 specifies the recognition, measurement, presentation and disclosure of leases and has been applied from 1 April 2019, the date of initial application for the Group. 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 concluded that PPB's generating unit agreement with EP Ballylumford and all PPAs with renewable generators are not regarded as leases under IFRS 16. The Group has identified a number of leases for the hire of equipment, buildings and land (primarily relating to the Group's renewable asset portfolio) which do fall under the scope of IFRS 16.

The Group has adopted 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. In summary the impact of IFRS 16 adoption is as follows:

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

	1 April 2019 €m
Assets	
Right-of-use assets	20.6
Deferred tax asset	0.6
Liabilities	
Lease liabilities	(25.4)
Net impact on equity	**(4.2)**

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of land and buildings. Before the adoption of IFRS 16, the Group classified each of its leases as either an operating lease or finance lease and determined that there were only operating leases in existence. In an operating lease, the leased property was not capitalised and the lease payments were recognised as a rent expense in profit or loss on a straight-line basis over the lease term.

Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied, apart from the use of the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

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The Group also applied the available practical expedients wherein it:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as at 31 March 2019 as follows:

	€m
Operating lease commitments as at 31 March 2019	**36.5**
Weighted average incremental borrowing rate as at 1 April 2019	5.0%
Discounted operating lease commitments as at 1 April 2019	**24.3**
Less	
Commitments relating to short-term leases	(0.1)
Add	
Effect of change in lease assumptions	1.2
Lease liabilities as at 1 April 2019	**25.4**

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatment involves 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 Interpretation 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.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The Interpretation did not have an impact on the consolidated financial statements of the Group.

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.

These amendments had no impact on the consolidated financial statements of the Group.

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 the 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; and
- Determine the 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 had no impact on the consolidated financial statements of the Group as there were no plan amendments, curtailments or settlements over the year.

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 had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

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.

The Group applied these amendments to transactions from 1 April 2019, however these amendments were 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.

The amendments applied to the Group in the current year from 1 April 2019 and there has been no impact on the consolidated financial statements of the Group.

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.

The amendments applied to the Group in the current year from 1 April 2019 and there has been no impact on the financial statements of the Group.

(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 loss 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 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 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 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 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 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 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 payable

Dividends are recorded in the year in which shareholder approval is obtained.

(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 - 20 years
- Fixtures and equipment - 5 to 25 years
- Vehicles and mobile plant - 3 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. Emission allowances, energy efficiency obligations and ROCs will be realised within twelve months.

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) Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Leases of land and buildings generally have lease terms between 5 and 25 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Prior year leases

Leases in the prior year were classified as operating lease contracts whenever the terms of the lease did not transfer substantially all the risks and benefits of ownership to the lessee.

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

(l) 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 assets' 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 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.

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.

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.

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.

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

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.

(m) 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.

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.

(n) 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 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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 loss 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 income statement:

- 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 consolidated income statement as they become payable.

(s) Inventories

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

(t) 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.

(u) Foreign currency translation

The Group's consolidated financial statements are presented in Euro, which is the Group's presentational currency. Energia Group Limited's 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 consolidated income statement 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) Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

(x) 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 including this year at 31 March 2020 an estimate in respect of the impact of COVID-19 to the level of unbilled revenue recognised based on their assessment of the customer's ability to pay. 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 remeasurements 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 Group has adjusted the matrix this year for the forecasted impact of COVID-19. The information about the ECLs on the Group's trade receivables and contract assets together with further detail relating to the COVID-19 adjustments is disclosed in note 19.

Provision for I-SEM resettlement

The I-SEM market trading arrangements, which comprise a Day Ahead Market, Intra-Day Market and Balancing Market, have experienced volatility since the market commenced on 1 October 2018. The market has now become more stable, however the Group's energy purchase and supply businesses remain exposed to energy price resettlement risks. As at 31 March 2020 the market operator has resettled these markets up to October 2019 for M+4 resettlement and mid January 2019 for M+13 resettlement (the market is ordinarily resettled 4 months and 13 months after initial settlement). Further market fixes are required to be implemented before the market settlement solution can be considered fully aligned to the market code requirements. The Group is therefore exposed to potential price resettlements in the balancing market and 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. There is therefore a significant degree of judgement required in order to estimate the level of resettlement that will be applied. The current year estimate of 15% of balancing market revenues is considered a reasonable estimate and is supported by actual resettlements seen in the market to date. A quantitative sensitivity analysis in relation to this key assumption shows that if the percentage used in the resettlement provision were to increase or decrease by 2% the impact of this would be an increase or decrease to operating profit respectively of €3.4m.

(y) 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.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition.

The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

4. SEGMENTAL ANALYSIS

For management purposes, the Group is 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 277MW of wind assets and purchases electricity from 1,268MW of renewable generation capacity throughout Ireland. In addition, the Renewables business is currently constructing a 4MW bioenergy plant in Dublin and a 32MW wind farm in County Sligo and is in the process of developing a further pipeline of wind, bioenergy and solar projects across Ireland;

(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 through its brand Energia, together with the supply of electricity to residential and business customers in Northern Ireland through its 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 operating profit before exceptional items and certain remeasurements (arising from certain commodity 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

	2020 €m	2019 €m
Renewables	255.1	227.7
Flexible Generation	372.0	431.7
Customer Solutions	1,294.1	1,381.9
Inter-group eliminations	(8.5)	1.4
Group	**1,912.7**	**2,042.7**
Adjustment for under-recovery	(6.9)	(11.1)
Total	**1,905.8**	**2,031.6**

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

(b) Operating Profit

	2020 €m	2019 €m
Segment Pro-Forma EBITDA		
Renewables	66.9	80.0
Flexible Generation	45.8	39.1
Customer Solutions	51.4	48.0
Group Pro-Forma EBITDA	**164.1**	**167.1**
Adjustment for under-recovery	(6.9)	(11.1)
Group EBITDA	**157.2**	**156.0**
Depreciation / amortisation		
Renewables	(25.2)	(21.4)
Flexible Generation	(15.5)	(17.3)
Customer Solutions	(13.6)	(8.5)
Group depreciation and amortisation	**(54.3)**	**(47.2)**
Operating profit pre-exceptional items and certain remeasurements		
Renewables	41.7	58.7
Flexible Generation	30.3	21.8
Customer Solutions	37.8	39.4
Group Pro-Forma operating profit	**109.8**	**119.9**
Adjustment for under-recovery	(6.9)	(11.1)
Operating profit pre-exceptional items and certain remeasurements	**102.9**	**108.8**
Exceptional items and certain remeasurements		
Renewables	(0.8)	1.6
Flexible Generation	(0.1)	-
Customer Solutions	1.7	(13.1)
Group operating profit post exceptional items and certain remeasurements	**103.7**	**97.3**
Finance cost	(40.4)	(47.2)
Finance income	0.8	1.4
	(39.6)	**(45.8)**
Share of loss in associates	(0.2)	(1.0)
Profit on sale of associate	4.1	5.2
Profit on ordinary activities before tax	**68.0**	**55.7**

(c) Capital expenditure

Capital additions to property, plant and equipment	2020 €m	2019 €m
Renewables	26.5	64.6
Flexible Generation	17.7	4.4
Customer Solutions	1.5	2.8
Total	**45.7**	**71.8**
Capital additions to intangible assets		
Renewables	139.3	44.0
Flexible Generation	22.8	5.7
Customer Solutions	21.0	98.7
Total	**183.1**	**148.4**
Capital additions to right-of-use assets		
Renewables	6.7	-
Customer Solutions	0.2	-
Total	**6.9**	**-**

(d) Geographic information

Non-current operating assets	2020 €m	Restated[1] 2019 €m
UK	518.1	576.1
RoI	705.8	555.2
Total	**1,223.9**	**1,131.3**

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

[1] Restated due to reclassification of intangible assets as per note 36

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 31 March 2020:

2020	Renewables €m	Flexible Generation €m	Customer solutions €m	Total €m
Type of goods or service:				
Supply of electricity and gas	-	-	1,293.0	1,293.0
Electricity generation	254.9	372.0	-	626.9
Other	0.2	-	1.1	1.3
Inter-group eliminations	-	(7.9)	(0.6)	(8.5)
Group	**255.1**	**364.1**	**1,293.5**	**1,912.7**
Adjustment for (under) / over recovery	-	(11.8)	4.9	(6.9)
Total revenue from contracts with customers	**255.1**	**352.3**	**1,298.4**	**1,905.8**

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 31 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**

Geographical markets:	2020 €m	2019 €m
UK	859.7	920.9
RoI	1,046.1	1,110.7
Total revenue from contracts with customers	**1,905.8**	**2,031.6**
Timing of revenue recognition:		
Transferred over time	1,777.2	1,922.4
Transferred at a point in time	128.6	109.2
Total revenue from contracts with customers	**1,905.8**	**2,031.6**

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

The Group's principal revenue streams are as follows:

Renewables

The key revenue streams derived from the renewables 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 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 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.

6. OPERATING COSTS

	2020 €m	2019 €m
Operating costs are analysed as follows:		
Energy costs	1,612.6	1,772.6
Employee costs	43.8	38.0
Depreciation and amortisation	54.3	47.2
Other operating charges	92.2	65.0
Total pre-exceptional items and certain remeasurements	**1,802.9**	**1,922.8**
Exceptional costs and certain remeasurements:		
Energy (income) / costs	(1.7)	13.0
Other operating charges	0.9	(1.5)
Total exceptional costs and certain remeasurements	**(0.8)**	**11.5**
Total operating costs	**1,802.1**	**1,934.3**

6.1 Depreciation and amortisation

	2020 €m	2019 €m
Depreciation	39.5	37.7
Amortisation of intangible assets	13.0	9.5
Amortisation of right-of-use assets	1.8	-
Total depreciation and amortisation	**54.3**	**47.2**

7. EXCEPTIONAL ITEMS AND CERTAIN REMEASUREMENTS

	2020 €m	2019 €m
Exceptional items in arriving at profit from continuing operations:		
Acquisition costs[1]	(1.3)	(0.3)
Profit on disposal of associate[2]	4.1	5.2
Release of contingent consideration[3]	0.4	1.8
	3.2	**6.7**
Certain remeasurements in arriving at profit		
Net profit / (loss) on derivatives at fair value through operating costs[4]	1.7	(13.0)
	1.7	**(13.0)**
Exceptional items and certain remeasurements before taxation	**4.9**	**(6.3)**
Taxation on exceptional items and certain remeasurements	(0.7)	2.0
Exceptional items and certain remeasurements after taxation	**4.2**	**(4.3)**

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

	2020 €m	2019 €m
Fair valued derivatives through profit and loss	(0.7)	2.0
	(0.7)	**2.0**

[1] Exceptional acquisition costs of €1.3m (2019 - €0.3m) relate to costs associated with acquisitions whether successful or unsuccessful.
[2] Profit on disposal of associate of €4.1m (2019 - €5.2m) relates to the net gain on disposal of the Group's minority interest in Eco Wind Power (2019 - IIF Cyclone).
[3] Release of contingent consideration of €0.4m (2019 - €1.8m) relates to a fair value adjustment to contingent consideration for renewable generation development projects.
[4] Net profit on derivatives at fair value through operating costs of €1.7m (2019 - €13.0m loss) relates to fair value movements in commodity swap contracts and foreign exchange forward contracts relating to commodity purchases.

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.

	2020 €'000	2019 €'000
Audit of these financial statements	54	54
Audit of subsidiaries pursuant to legislation	280	321
	334	**375**
Fees payable to the Company's auditor and its associates for other services:		
Audit related assurance services	14	3
Taxation compliance services	32	31
Taxation advisory services	89	154
Corporate finance services	-	70
Total non-audit services	**135**	**258**

9. EMPLOYEES

	2020 €m	2019 €m
Salaries	40.6	35.2
Social security costs	4.4	3.8
Pension costs		
- defined contribution plans	2.7	2.3
- defined benefit plans	0.8	1.1
	48.5	**42.4**
Less salaries capitalised in property, plant and equipment and intangible assets	(4.7)	(4.4)
Charged to the income statement	**43.8**	**38.0**

	Actual headcount at 31 March		Average during the year	
	Number 2020	Number 2019	**Number 2020**	Number 2019
Renewables	39	34	39	29
Flexible Generation	62	60	61	62
Customer Solutions	747	701	725	661
	848	**795**	**825**	**752**

Director's emoluments

No amounts were paid to the Director in respect of qualifying services or long-term investment plans during the year (2019 - €nil).

Included in salary costs above is an amount of €0.1m (2019 - €0.6m) in relation to the Group's Management Investment Plan (see note 33).

10. FINANCE COSTS / INCOME

Finance costs	Results before exceptional items and certain remeasurements 2020 €m	Exceptional items and certain remeasurements 2020 (note 7) €m	Total 2020 €m	Results before exceptional items and certain remeasurements 2019 €m	Exceptional items and certain remeasurements (note 7) 2019 €m	Total 2019 €m
Interest on external bank loans and borrowings	(16.3)	-	(16.3)	(15.4)	-	(15.4)
Interest on senior secured notes	(26.3)	-	(26.3)	(26.1)	-	(26.1)
Total interest expense	**(42.6)**	**-**	**(42.6)**	**(41.5)**	**-**	**(41.5)**
Amortisation of financing charges	(2.1)	-	(2.1)	(2.2)	-	(2.2)
Unwinding of discount on decommissioning provision	(0.4)	-	(0.4)	(0.3)	-	(0.3)
Unwinding of discount on contingent consideration	(0.6)	-	(0.6)	(1.5)	-	(1.5)
Accretion of lease liability	(1.4)	-	(1.4)	-	-	-
Other finance charges	**(0.3)**	**-**	**(0.3)**	**(0.4)**	**-**	**(0.4)**
Total other finance charges	(4.8)	-	(4.8)	(4.4)	-	(4.4)
Net exchange gain / (loss) on net foreign currency borrowings	4.9	-	4.9	(2.8)	-	(2.8)
Less interest capitalised in qualifying asset	2.1	-	2.1	1.5	-	1.5
Total finance costs	**(40.4)**	**-**	**(40.4)**	**(47.2)**	**-**	**(47.2)**
Finance income						
Interest income on loans to associates	-	-	-	0.9	-	0.9
Interest income on bank deposits	0.8	-	0.8	0.5	-	0.5
Total finance income	**0.8**	**-**	**0.8**	**1.4**	**-**	**1.4**

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in the period was 5.1% (2019 - 3.3%).

11. INCOME TAX

The major components of the tax (charge)/credit for the years ended 31 March 2020 and 2019 are as follows:

Current tax:	**Results before exceptional items and certain remeasure-ments 2020 €m**	**Exceptional items and certain remeasure-ments 2020 €m**	**Total 2020 €m**	Results before exceptional items and certain remeasure-ments 2019 €m	Exceptional items and certain remeasure-ments 2019 €m	Total 2019 €m
Current tax (charge)/credit	(0.7)	(0.7)	(1.4)	(2.7)	2.0	(0.7)
Adjustments in respect of prior years	(0.1)	-	(0.1)	0.1	-	0.1
Total current tax (charge)/credit	**(0.8)**	**(0.7)**	**(1.5)**	**(2.6)**	**2.0**	**(0.6)**
Deferred tax:						
Adjustments in respect of current year	(5.7)	-	(5.7)	(7.6)	-	(7.6)
Adjustments in respect of prior years	(0.6)	-	(0.6)	(0.2)	-	(0.2)
Effect of increased rate on opening liability	0.6	-	0.6	-	-	-
Total deferred tax	**(5.7)**	**-**	**(5.7)**	**(7.8)**	**-**	**(7.8)**
Total taxation (charge)/credit	**(6.5)**	**(0.7)**	**(7.2)**	**(10.4)**	**2.0**	**(8.4)**

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Consolidated Statement of Other Comprehensive Income

	2020 €m	2019 €m
Deferred tax related to items recognised in Other Comprehensive Income during the year:		
Net loss on revaluation of cash flow hedges	6.1	1.6
Net loss on remeasurement of defined benefit scheme	0.5	0.2
Taxation credited to Other Comprehensive Income	**6.6**	**1.8**

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

	2020 €m	2019 €m
Accounting profit before income tax	68.0	55.7
At the statutory income tax rate of 19% (2019 - 19%)	(12.9)	(10.5)
Non-taxable foreign exchange on debt	0.9	(0.5)
Utilisation of tax losses on which no deferred tax asset was recognised	1.1	2.3
Other	1.3	(3.1)
Effect of lower tax rates on overseas earnings	2.5	3.0
Impact of rate change on deferred tax	0.6	0.5
Adjustments in respect of previous years	(0.7)	(0.1)
Tax charge	**(7.2)**	**(8.4)**

The deferred tax included in the balance sheet at 31 March 2020 and 2019 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 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**
Effect of new accounting standard	-	(0.1)	-	-	-	0.7	0.6
(Charge)/credit to income statement	(5.5)	1.5	(3.5)	(0.4)	-	2.2	(5.7)
Credit to equity	-	-	-	0.5	6.1	-	6.6
Foreign exchange	0.1	(0.2)	0.1	(0.1)	(0.1)	-	(0.2)
Other	-	-	-	-	-	(0.3)	(0.3)
As at 31 March 2020	**(13.8)**	**14.8**	**10.0**	**-**	**8.6**	**(0.8)**	**18.8**

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:

	2020 €m	2019 €m
Deferred tax assets	33.4	29.7
Deferred tax liabilities	(14.6)	(11.9)
Net deferred tax assets	**18.8**	**17.8**

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.

A reduction in the UK corporation tax rate from 19% to 17% (effective from April 2020) was substantively enacted on 6 September 2016 and the deferred tax balance as at 31 March 2019 was calculated based on this rate. A further change to the main UK corporation tax rate was announced in the 11 March 2020 Budget.

As a result of this change the main UK corporation tax rate will remain at 19% from 1 April 2020. The UK deferred tax has been calculated at 19% as at 31 March 2020 reflecting HMRC enactment, on 17 March 2020, of this non change in the UK corporation tax rate. RoI deferred tax has been calculated at 12.5% as at 31 March 2020.

A deferred tax asset of €37.2m (2019 - €37.4m) has not been recognised in relation to €168.6m (2019 - €195.2m) of tax losses carried forward, €20.7m (2019 - €21.2m) of interest on which no tax relief has yet been claimed and €7.8m (2019 - €10.2m) on other, 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 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**
Exchange adjustment	-	(7.7)	-	(0.4)	(8.1)
Additions	13.0	26.4	-	6.3	45.7
Increase in decommissioning provision	2.9	2.0	-	-	4.9
Disposals	(10.9)	-	-	-	(10.9)
Reclassification	-	-	(1.6)	1.6	-
Acquisition of subsidiaries	-	50.1	-	-	50.1
At 31 March 2020	**478.5**	**557.1**	**17.4**	**23.2**	**1,076.2**
Depreciation and impairment: **At 1 April 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**
Exchange adjustment	-	(1.2)	-	(0.3)	(1.5)
Disposals	(10.9)	-	-	-	(10.9)
Depreciation charge for the year	15.3	22.2	-	2.0	39.5
At 31 March 2020	**429.2**	**65.7**	**-**	**12.8**	**507.7**
Net book value:					
At 1 April 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
At 31 March 2020	**49.3**	**491.4**	**17.4**	**10.4**	**568.5**

(i) Included in renewable generation assets are amounts in respect of assets under construction amounting to €105.7m (2019 - €32.6m) and capitalised interest of €2.1m (2019 - €1.5m).
(ii) The windfarm generation assets of the specific project finance companies are given as security against the project finance facilities.

energia group

13. INTANGIBLE ASSETS

	Software costs €m	Customer acquisition costs €m	Renewable development assets €m	Emission Allowances, Energy Efficiency Credits & ROCs €m	Goodwill €m	Total €m
Cost: **At 1 April 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	12.1	2.9	-	133.4	-	148.4
Disposals/surrenders in settlement of obligations	-	-	-	(119.1)	-	(119.1)
Acquisition of subsidiaries	-	-	3.7	-	-	3.7
At 31 March 2019	**67.1**	**12.6**	**47.3**	**76.8**	**538.6**	**742.4**
Exchange adjustment	(2.0)	-	(0.8)	(3.9)	(14.0)	(20.7)
Additions	15.8	2.2	-	165.1	-	183.1
Disposals/surrenders in settlement of obligations	-	-	-	(170.0)	-	(170.0)
Acquisition of subsidiaries	-	-	23.7	-	-	23.7
At 31 March 2020	**80.9**	**14.8**	**70.2**	**68.0**	**524.6**	**758.5**
Amortisation: **At 1 April 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**
Exchange adjustment	(1.1)	-	0.3	-	-	(0.8)
Amortisation	7.6	3.3	2.1	-	-	13.0
At 31 March 2020	**43.0**	**11.0**	**4.8**	**-**	**1.6**	**60.4**
Net book value:						
At 1 April 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
At 31 March 2020	**37.9**	**3.8**	**65.4**	**68.0**	**523.0**	**698.1**

(i) Included in Emission Allowances, Energy Efficiency Credits and ROCs at 31 March 2020 is an amount of €9.4m (2019 - €5.5m) relating to self-generating ROCs which were initially recognised at fair value of €9.4m (2019 - €5.5m).

Intangible assets have been analysed as current and non-current as follows:

	2020 €m	2019 restated €m
Current	68.0	76.8
Non-current	630.1	617.4
	698.1	**694.2**

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	2020 €m	2019 €m
Customer Solutions - Energia	380.6	390.8
Customer Solutions - Power NI	142.4	146.2
Total goodwill	**523.0**	**537.0**

The recoverable amount of the Power NI and Energia Customer Solutions CGUs has been determined based on a value-in-use calculation using five year cash flow projections together with a long-term growth rate of 2% applied thereafter. The Group's projections are based on past experience and reflect 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

COVID -19

The Group's cash flow projections were adjusted to reflect the impact of the COVID-19 outbreak. The key assumptions were lower market prices reflecting lower global fuel prices and reduced all island electricity demand together with a reduction in customer specific demand for the commercial supply businesses of both Energia and Power NI based on a detailed analysis and segmentation of the customer base.

Discount rates

The pre-tax discount rate used in the calculation of the value-in-use for the CGUs was between 7.6% and 8.0% (2019 - 7.5% and 7.9%) 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; and

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

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 both the Power NI and Enegia Customer Solutions CGUs exceeded the respective carrying values at the time of the impairment test. While cash flows are subject to inherent uncertainty, reasonably 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

In August 2019 the Group sold its remaining associate interest, a 25% share in Eco Wind Power, a wind farm generation business incorporated in ROI. This resulted in a profit on disposal of €4.1m and cash proceeds of €6.5m.

During the prior year, in December 2018, the Group disposed of its 20% associate interest in IIF Cyclone, a wind farm generation business incorporated in Northern Ireland, which resulted in a profit on disposal of €5.2m and cash proceeds of €9.8m.

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

Balance Sheet	**As at 1 August 2020 €m**	As at 31 March 2019 €m
Goodwill	5.8	5.8
Current assets	4.3	4.2
Non-current assets	39.3	40.2
Derivative liabilities	(0.8)	(0.3)
Current liabilities	(20.9)	(21.4)
Non-current liabilities	(75.2)	(74.9)
Equity	**(47.5)**	**(46.4)**
Proportion of the Group's share of equity excluding goodwill	(13.3)	(13.0)
Goodwill	5.8	5.8
Loan to associates	9.8	10.1
Carrying amount of the investment	**2.2**	**2.9**

Income Statement	Period ending 1 August 2020 €m	Year ended 2019 €m
Revenue	2.3	15.2
Operating (loss)/profit	(0.5)	2.5
Finance costs	(0.3)	(6.7)
Loss for the period	**(0.8)**	**(4.2)**
Other comprehensive income Net movement in cash flow hedges	**0.5**	**4.5**
Total comprehensive (expense) / income for the period	**(0.3)**	**0.3**
Group's share of loss for the period	**(0.2)**	**(1.0)**
Group's share of other comprehensive income for the period	**0.1**	**0.9**

16. BUSINESS COMBINATIONS AND DISPOSALS

Acquisitions in 2020

On 13 September 2019 the Group acquired the entire issued ordinary share capital of Pigeon Top Wind Farm Limited (Pigeon Top), a 38MW wind farm development project in County Tyrone, NI.

On 30 September 2019 the Group acquired the entire issued A ordinary share capital and entered into a Put and Call Option Agreement for the B ordinary share capital of Derrysallagh Wind Farm Limited (Derrysallagh), a 32MW wind farm development project in County Sligo, RoI. As part of this acquisition the Group also acquired the entire issued ordinary share capital of Derrysallagh Supply Limited. The Group exercised their Call Option for the B ordinary share capital of Derrysallagh Windfarm Limited on 3 March 2020.

On 30 October 2019 the Group completed the asset purchase of Clunahill Wind Farm (Clunahill), a 14MW wind farm development project in County Tyrone, NI and on 22 October 2019 the Group completed the acquisition of Energia Solar Holdings Limited together with its subsidiary Solar Farmers Limited (Solar Farmers), a solar farm development project in the RoI.

On 8 November 2019 the Group completed the acquisition of Seven Hills Wind Limited (Seven Hills), a 95MW wind farm development project in County Roscommon, RoI.

Acquisitions after the balance sheet date

On 16 April 2020 the Group completed the acquisition of XMR Energy Limited (Crossmore), a 15MW wind farm development project in County Clare, RoI.

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 the renewable projects acquired were:

	Derrysallagh Wind Farm €m	Other acquisitions €m	Total fair value recognised on acquisitions in the year ended 31 March 2020 €m	Fair value recognised on acquisitions post balance sheet €m
Assets				
Fixed assets - development costs	50.1	-	50.1	1.2
Right-of-use asset	3.5	-	3.5	-
Other receivables	1.1	-	1.1	-
Cash	3.7	-	3.7	-
	58.4	**-**	**58.4**	**1.2**
Liabilities				
Other payables	(4.9)	(0.1)	(5.0)	(1.3)
Lease liability	(4.8)	-	(4.8)	-
Shareholder loans	(46.4)	(3.2)	(49.6)	-
Deferred tax liabilities	(0.3)	-	(0.3)	-
Total identifiable net assets / (liabilities) at fair value	**2.0**	**(3.3)**	**(1.3)**	**(0.1)**
Intangible assets (development assets) arising on acquisition	9.9	13.8	23.7	0.5
Purchase consideration transferred	**11.9**	**10.5**	**22.4**	**0.4**
Purchase consideration made up of:				
Cash	7.2	1.4	8.6	0.2
Contingent consideration	4.7	9.1	13.8	0.2
	11.9	**10.5**	**22.4**	**0.4**
Analysis of cash flows on acquisition:				
Cash	7.2	1.4	8.6	0.2
Discharge of liabilities	46.4	2.3	48.7	-
Cash flows on acquisition	**53.6**	**3.7**	**57.3**	**0.2**
Cash acquired on acquisition	(3.7)	-	(3.7)	-
Net cash flows on acquisition	**49.9**	**3.7**	**53.6**	**0.2**

Transaction costs of €0.8m were expensed in the year ended 31 March 2020.

Contingent consideration

Contingent consideration of €13.8m was recognised in relation to the renewable projects acquired in the year ended 31 March 2020 and reflects the present value of the maximum amount payable, with the minimum amount payable being €nil. Payment is contingent on various project milestones being met. €4.0m was paid on 3 March 2020 with €1.3m expected to be paid in 2020/21 and the balance expected to be paid by 2023/24.

Disposals in 2020

During the year the Group disposed of its 25% interest in Eco Wind Power and recognised a gain on disposal of €4.1m. See note 15 for more information.

17. GROUP INFORMATION

Principal investments in which the Group held 100% of ordinary shares at 31 March 2020 are listed below:

Name	Principal Activities	Country of incorporation
Regulated businesses		
Power NI Energy Limited *1	Power procurement and supply of electricity	Northern Ireland
Renewables		
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
Lisglass Wind Ltd *	Renewable development	Northern Ireland
Dargan Road Biogas Limited *	Renewable development	Northern Ireland

Name	Principal Activities	Country of incorporation
Pigeon Top Wind Farm Limited *	Renewable development	Northern Ireland
Energia Hydrogen Limited *	Renewable development	Northern 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
Whaplode Limited *	Renewable development	Republic of Ireland
Huntstown Bioenergy Limited *	Renewable development	Republic of Ireland
Coolberrin Wind Limited *	Renewable development	Republic of Ireland
Derrysallagh Supply Limited *	Renewable supply	Republic of Ireland
Derrysallagh Wind Farm Limited *	Renewable development	Republic of Ireland
Seven Hills Wind Limited *	Renewable development	Republic of Ireland
Energia Solar Holdings Limited *	Holding Company	Republic of Ireland
Solar Farmers Limited *	Renewable development	Republic of Ireland
Energia Offshore Wind Limited*	Renewable development	Republic of Ireland
Flexible Generation		
Power and Energy Holdings (ROI) Limited *	Holding company	Republic of Ireland
Huntstown Power Company Limited *	Electricity generation	Republic of Ireland
Energia Power Generation Limited *	Electricity generation	Republic of Ireland
GenSys Power Limited (trading as GenSys) *	Operating and maintenance services	Republic of Ireland
Energia Data Centre Limited *	Data centre development	Republic of Ireland
Energia NI Storage Limited *	Holding company	Northern Ireland
Belfast Energy Storage Company Limited *	Battery storage development	Northern Ireland
Customer Solutions		
Energia Customer Solutions NI Limited *	Energy supply	Northern Ireland
Energia Customer Solutions Limited *	Energy supply	Republic of Ireland
Other		
Energia Group ROI Holdings DAC *	Holding company	Republic of Ireland
Energia Group NI Holdings Limited *	Holding company	Northern Ireland
Energia NI Holdco Limited *	Holding company	Northern Ireland
Energia Group NI FinanceCo plc *	Financing company	Northern Ireland
Energia Group Fundco I Limited	Holding company	Cayman Islands
Energia Group Fundco II Limited *	Holding company	Cayman Islands

Name	Principal Activities	Country of incorporation
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 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
Choices Pensions Scheme*	Dormant company	Republic of Ireland
Energia Power Resources Limited*	Dormant company	Republic of 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. Energia Group TopCo Limited is majority owned by ISQ Viridian Holdings L.P., a limited partnership incorporated in the Cayman Islands. ISQ Viridian Holdings L.P. 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.

18. OTHER FINANCIAL ASSETS

	2020 €m	2019 €m
Other financial assets		
Financial assets at amortised cost:		
Security deposits	11.1	11.6
Short-term managed funds	1.4	1.5
Total other financial assets	**12.5**	**13.1**
Total non-current	**-**	**-**
Total current	**12.5**	**13.1**

Financial assets held at amortised costs are held to maturity and generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

19. TRADE AND OTHER RECEIVABLES

	2020 €m	2019 €m
Trade receivables (including unbilled consumption)	197.9	200.4
Contract assets (accrued income)	30.2	20.4
Prepayments	3.9	3.1
Other receivables	11.3	5.1
	243.3	**229.0**
Allowance for expected credit losses	(23.9)	(12.6)
	219.4	**216.4**

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

As at 31 March 2020, the Group has contract assets (accrued income) of €30.2m (2019 - €20.4m), which are net of any allowance for expected credit losses and which are expected to be settled in the next financial year.

Contract assets (accrued income) settled in the current year amounted to €20.4m (2019 - €22.2m).

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

	€m
At 1 April 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**
Foreign exchange adjustment	(0.2)
Provision for expected credit losses	13.9
Write off	(2.4)
At 31 March 2020	**23.9**

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

	2020				2019			
	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	115.9	(1.6)	114.3	1.4	123.6	(0.7)	122.9	0.6
< 30 days	47.2	(7.3)	39.9	15.5	46.2	(0.7)	45.5	1.5
30 - 60 days	12.4	(2.4)	10.0	19.4	11.6	(0.6)	11.0	5.2
61 - 90 days	6.9	(1.6)	5.3	23.2	6.0	(0.6)	5.4	10.0
> 90 days	15.5	(11.0)	4.5	71.0	13.0	(10.0)	3.0	76.9
Total	**197.9**	**(23.9)**	**174.0**	**12.1**	**200.4**	**(12.6)**	**187.8**	**6.3**

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.

An incremental allowance for expected credit losses has been applied by the Group reflecting the risk of COVID-19 and the impact that it could have on the Group trade receivables as described below.

Commercial customers

A detailed assessment of the Group's commercial customer base in both jurisdictions of NI and ROI has been carried out with risk ratings of high, medium and low assigned to customer balances reflecting their specific sectoral risk. Sectors which have been considered high risk include, retail - non-essential, hospitality, recreation, leisure and entertainment, with medium risk levels assigned to manufacturing - non-essential, services - non-essential, construction and other non-essential. Low risk sectors include government, pharmaceutical, manufacturing essential, food, drink, agriculture and services - essential. Using this analysis in conjunction with a risk weighting applied to each risk level, incremental provisions of €9.1m have been applied to the commercial receivable amounts.

Residential customers

An analysis of the Group's residential customers receivables has been carried out, with customer insight profiling being used to establish the mix of customer groups that are represented in the Group's portfolio of residential customers. Using this analysis in conjunction with a risk weighting applied to each risk level high, medium and low reflecting the specific probability of non-payment, incremental provisions of €1.5m have been applied to the residential receivables on both billed and unbilled (consumption for periods up to three months NI which have not yet billed in line with normal billing cycles) receivable amounts.

Adjusting the matrix for the impact of COVID-19 in this way has resulted in an additional ECL of

€10.6m. This results in the total ECL at March 2020 increasing to 12% of gross receivables or €23.9m (2019 - 6.3%, €12.6m). For commercial customers the incremental ECL provision is 5% - 80% depending on the low/medium/high classification and for residential customers 1% - 20%.

A sensitivity analysis in relation to the ECL rate for commercial shows an increase / decrease in the assumed provision by 5% would result in an increase / decrease in the ECL of €2.0m and for residential shows an increase / decrease in the assumed provision by 1% would result in an increase / decrease in the ECL of €0.4m.

20. CASH AND CASH EQUIVALENTS

	2020 €m	2019 €m
Cash at bank and on hand	144.0	70.3
Short-term bank deposits	76.8	126.3
	220.8	**196.6**

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

At 31 March 2020, the Group had available €91.0m (2019 - €81.4m) of undrawn committed borrowing facilities relating to the Senior revolving credit facility and €3.5m (2019 - €nil) of undrawn committed borrowing facilities relating to the project finance facilities. There were no drawings under the Senior revolving credit facility at 31 March 2020 (2019 - €nil). €30.0m (2019 - €31.2m) 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

	2020 €m	2019 €m
Trade creditors	119.6	123.9
Other creditors	58.6	63.0
Contract liabilities (payments on account)	33.2	29.2
Tax and social security	10.9	10.2
Accruals	217.4	194.1
Amounts owed to associate	-	1.0
	439.7	**421.4**

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

	2020 €m	2019 €m
Current financial liabilities:		
Project financed bank facilities (NI)	10.0	9.9
Project financed bank facilities (RoI)	13.7	13.1
Project finance interest accruals	0.2	0.1
Senior secured notes interest payable	1.1	1.2
Other interest payable	0.9	0.8
Contingent consideration	7.7	5.7
Lease liability	2.0	-
Total current financial liabilities	**35.6**	**30.8**
Non-current financial liabilities:		
Senior secured notes €350m (2025)	345.3	344.7
Senior secured notes £225m (2024)	251.0	257.3
Project financed bank facilities (NI)	198.0	214.1
Project financed bank facilities (RoI)	116.3	98.9
Contingent consideration	9.0	0.4
Lease liability	30.0	-
Total non-current financial liabilities	**949.6**	**915.4**
Total current and non-current financial liabilities	**985.2**	**946.2**

The carrying value of the Senior secured notes include unamortised costs of €7.9m (2019 - €9.2m).

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 2020, the Group had letters of credit issued out of the Senior revolving credit facility of €163.3m (31 March 2019 - €179.7m) resulting in undrawn committed facilities of €91.0m (31 March 2019 - €81.4m). There were no cash drawings under the Senior revolving credit facility at 31 March 2020 (31 March 2019 - €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 3.81% (2019 - 3.76%) on project financed bank facilities NI and 2.67% (2019 - 2.63%) on the project financed bank facilities RoI.

Contingent consideration

Contingent consideration of €16.7m (31 March 2019 - €6.1m) relates to the acquisition of various renewable development projects (onshore wind, bioenergy and solar) and represents the present value of the maximum amount payable with the minimum amount payable being €nil. Payment is contingent on various project milestones being met, primarily the construction and commissioning of the plant, with €7.7m expected to be paid in 2020/21 and the remaining €9.0m paid by 2023/24.

23. DEFERRED INCOME

	2020 €m	2019 €m
At 1 April	**-**	**-**
Released to the income statement	0.7	-
At 31 March	**0.7**	**-**

The deferred income relates to grants provided by the Office for Low Emission Vehicles (OLEV) and Interreg Europe in respect of certain property, plant and equipment assets.

24. PENSIONS AND OTHER POST- EMPLOYMENT BENEFIT PLANS

	2020 €m	2019 €m
Net employee defined benefit liability (before deferred tax)	-	-

The EGNIPS 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 EGNIPS 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 EGNIPS and target to maintain the mix of investments between 45% on-risk and 55% off-risk.

The last actuarial valuation of the EGNIPS 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.

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 EGNIPS.

EGNIPS Focus Section

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

	2020 €m	2019 €m
Market value of assets at 1 April	**63.7**	**59.7**
Interest income	1.4	1.5
Contributions from employer	2.2	2.1
Contributions from scheme members	0.1	0.1
Benefits paid	(4.9)	(2.3)
(Loss) / return on plan assets (excluding amounts in the net interest expense)	(3.7)	1.5
Foreign exchange	(1.5)	1.1
Market value of assets at 31 March	**57.3**	**63.7**
Actuarial value of liabilities at 1 April	**63.7**	**59.7**
Interest cost	1.4	1.5
Current service cost	0.8	1.0
Contributions from scheme members	0.1	0.1
Past service cost	-	0.1
Benefits paid	(4.9)	(2.3)
Actuarial (gain) / loss arising from changes in financial assumptions	(3.5)	1.5
Actuarial loss from experience	1.3	0.5
Actuarial loss from change in demographic assumptions	-	0.5
Foreign exchange	(1.6)	1.1
Actuarial value of liabilities at 31 March	**57.3**	**63.7**
Net pension liability	-	-
Analysis of amounts recognised in employee costs:		
Current service cost	(0.8)	(1.0)
Past service cost	-	(0.1)
	(0.8)	**(1.1)**
Analysis of amounts recognised in other comprehensive income:		
(Loss) / return on plan assets (excluding amounts in the net interest expense)	(3.7)	1.5
Actuarial gain / (loss) arising from changes in assumptions	2.2	(2.5)
	(1.5)	**(1.0)**

In accordance with IFRIC 14 - "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" €nil (2019 - €nil) has been recognised in 2020.

The actual loss in Focus assets for 2020 amounted to €2.3m (2019 - return of €3.0m, 2018 - return of €1.8m).

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

	2020 €m	2019 €m
Unquoted investments:		
Equity investments	15.0	18.1
Bonds	32.1	33.9
Other	10.2	11.7
Total assets	**57.3**	**63.7**

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

	2020	2019
Rate of increase in pensionable salaries	2.5% p.a.	3.3% p.a.
Rate of increase in pensions in payment	2.4% p.a.	2.6% p.a.
Discount rate	2.4% p.a.	2.4% p.a.
Inflation assumption (based on CPI)	2.3% p.a.	2.6% p.a.
Life expectancy:		
current pensioners (at age 60) - males	27.0 years	27.0 years
current pensioners (at age 60) - females	29.1 years	29.1 years
future pensioners (at age 60) - males	28.5 years	28.5 years
future pensioners (at age 60) - females	30.7 years	30.7 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**		
		2020 €m	2019 €m
Pensionable salaries	1% increase	0.7	1.2
	1% decrease	(0.6)	(1.1)
Pension payments	0.5% increase	4.8	5.4
	0.5% decrease	(4.3)	(4.8)
Discount rate	0.5% increase	(4.5)	(5.2)
	0.5% decrease	5.1	6.0
Inflation	1% increase	10.2	12.0
	1% decrease	(7.9)	(9.6)
Life expectancy of male pensioners	Increase by 1 year	1.0	1.2
	Decrease by 1 year	(1.0)	(1.2)
Life expectancy of female pensioners	Increase by 1 year	0.6	0.6
	Decrease by 1 year	(0.6)	(0.6)

The sensitivity analysis above has 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:

	2020 €m	2019 €m
Within the next 12 months (next annual reporting period)	2.1	2.2
Between two and five years	6.6	8.5
Between five and ten years	1.4	1.5
Total expected payments	**10.1**	**12.2**

The average duration of the defined benefit plan obligation at the end of the reporting period is 18 years (2019 - 18 years).

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25. PROVISIONS

	Decommissioning Total €m
At 1 April 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**
Exchange adjustment	(0.1)
Unwinding of discount	0.4
Changes in discount rate	4.9
At 31 March 2020	**21.5**
Non-current	**21.5**

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 0.631% (2019 - 1.994%) and are expected to be utilised within a period not exceeding seventeen years.

26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Derivative financial assets

	2020 €m	2019 €m
Derivatives at fair value through other comprehensive income		
Cash flow hedges:		
Foreign exchange forward contracts	3.4	3.5
Commodity swap contracts	18.3	16.7
Interest rate swap contracts	-	0.4
Total derivatives at fair value through other comprehensive income	**21.7**	**20.6**
Derivatives at fair value through profit and loss		
Derivatives not designated as hedges:		
Foreign exchange forward contracts	0.6	1.5
Commodity swap contracts	3.6	3.0
Total derivatives at fair value through profit and loss	**4.2**	**4.5**
Total derivative financial assets	**25.9**	**25.1**
Total non-current	**2.5**	**2.7**
Total current	**23.4**	**22.4**

Derivative financial liabilities

	2020 €m	2019 €m
Derivatives at fair value through other comprehensive income		
Cash flow hedges:		
Foreign exchange forward contracts	(1.6)	(1.8)
Commodity swap contracts	(66.8)	(18.8)
Interest rate swap contracts	(27.7)	(16.4)
Total derivatives at fair value through other comprehensive income	**(96.1)**	**(37.0)**
Derivatives at fair value through profit and loss		
Derivatives not designated as hedges:		
Foreign exchange forward contracts	(0.4)	(1.0)
Commodity swap contracts	(8.0)	(9.4)
Total derivatives at fair value through profit and loss	**(8.4)**	**(10.4)**
Total derivative financial liability	**(104.5)**	**(47.4)**
Total non-current	**(37.5)**	**(31.7)**
Total current	**(67.0)**	**(15.7)**

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 prices 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.

Net derivative financial liabilities

	2020 €m	2019 €m
Accumulated loss included in equity (excluding associates)	**(74.4)**	**(16.4)**

The table below summarises the maturity of cash flow hedges:

Derivative financial assets		
In one year or less	19.7	17.9
In more than one year but less than five years	2.0	2.3
In more than five years	-	0.4
Gains through other comprehensive income	**21.7**	**20.6**
Derivative financial liabilities		
In one year or less	(58.9)	(21.4)
In more than one year but less than five years	(27.5)	(11.5)
In more than five years	(9.7)	(4.1)
Losses through other comprehensive income	**(96.1)**	**(37.0)**
	(74.4)	**(16.4)**

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

	2020 €m	2019 €m
Net loss due to remeasurements	**(93.9)**	(10.7)
(Loss) / gain transferred from equity to the income statement in respect of:		
Completed hedges	**(35.9)**	0.2
Recognised within:		
Operating costs	(32.4)	3.5
Finance costs	(3.5)	(3.3)
	(35.9)	**0.2**

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.

	2020 €m	2019 €m
Net gain / (loss) due to remeasurements	**1.7**	**(13.0)**

Hedge of net investment in foreign operations

Included in financial liabilities, loans and borrowings at 31 March 2020 was £225.0m (2019 - £225.0m) Sterling denominated Senior secured notes. The Group has not designated a hedging relationship between the Sterling denominated assets on the Group's balance sheet and the Group's Sterling borrowings in the current year or prior 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:

	2020 Carrying value €m	**2020 Fair value €m**	2019 Carrying value €m	2019 Fair value €m
Level 1				
Non-current liabilities				
Senior secured notes (2024 and 2025)	(596.3)	(558.5)	(602.0)	(602.5)
Level 2				
Non-current liabilities				
Project financed bank facilities (NI)	(198.0)	(198.0)	(214.1)	(214.1)
Project financed bank facilities (RoI)	(116.3)	(116.3)	(98.9)	(98.9)
Level 3				
Non-current liabilities				
Financial liabilities (contingent consideration)	(9.0)	(9.0)	(0.4)	(0.4)
Financial liabilities (lease liability)	(30.0)	(30.0)	-	-
Current liabilities				
Financial liabilities (contingent consideration)	(7.7)	(7.7)	(5.7)	(5.7)
Financial liabilities (lease liability)	(2.0)	(2.0)	-	-

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 and are considered to fall within the level 1 fair value hierarchy. There have been no transfers between the levels within the fair value 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 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 €16.7m 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 2020					
Trade and other payables (excluding tax and social security)	(428.8)	-	-	(428.8)	(428.8)
Financial liabilities (excluding leases)	(66.9)	(481.4)	(617.6)	(1,165.9)	(953.2)
Financial liabilities - leases	(3.4)	(10.5)	(34.1)	(48.0)	(32.0)
Derivatives at fair value through other comprehensive income	(59.0)	(27.5)	(9.9)	(96.4)	(96.1)
Derivative at fair value through profit and loss	(8.1)	(0.3)	-	(8.4)	(8.4)
	(566.2)	**(519.7)**	**(661.6)**	**(1,747.5)**	**(1,518.5)**
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)**

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net.

At 31 March 2020, 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 2020						
Foreign exchange forward contracts	Euro exchange rate	+/-10%	-	-	10.2	(9.3)
Gas swaps	Price per therm	+/-10p	32.0	(32.0)	32.0	(32.0)
GB power swaps	Price per MW	+/-10p	9.1	(9.1)	9.1	(9.1)
Interest rate swaps	Libor/ Euribor	+/- 0.25%	-	-	5.7	(5.6)
Project financed bank facilities (interest)	Libor/ Euribor	+/- 0.25%	(0.9)	0.9	(0.9)	0.9
Project financed bank facilities denominated in sterling	Euro exchange rate	+/-10%	(21.6)	21.6	(21.6)	21.6
Senior secured notes denominated in Sterling	Euro exchange rate	+/-10%	(25.4)	25.4	(25.4)	25.4
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 (interest)	Libor/ Euribor	+/- 0.25%	(0.9)	0.9	(0.9)	0.9
Project financed bank facilities denominated in sterling	Euro exchange rate	+/-10%	(23.3)	23.3	(23.3)	23.3
Senior secured notes denominated in Sterling	Euro exchange rate	+/-10%	(26.1)	26.1	(26.1)	26.1

27. SHARE CAPITAL AND RESERVES

Authorised shares

	Number	£
A Ordinary shares of £1 each	46,678	46,678
B Ordinary shares of £2 each	905	1,810
C Ordinary shares of £1 each	1,512	1,512
At 31 March 2019 and 2020	**49,095**	**50,000**

Ordinary shares issued and fully paid

	Number	£
A Ordinary shares of £1 each	4,020	4,020
B Ordinary shares of £2 each	905	1,810
C Ordinary shares of £1 each	1,088	1,088
At 31 March 2019 and 2020	**6,013**	**6,918**

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
2020				
Actuarial loss on defined benefit pension schemes (net of tax)	-	-	(1.0)	**(1.0)**
Exchange loss on translation of foreign operations	(15.1)	-	-	**(15.1)**
Net loss on cash flow hedges (net of tax)	-	(51.8)	-	**(51.8)**
Other comprehensive expense for the year	**(15.1)**	**(51.8)**	**(1.0)**	**(67.9)**
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**

28. NOTES TO GROUP CASH FLOW STATEMENT

	2020 €m	2019 €m
Operating activities		
Profit before tax from continuing operations	68.0	55.7
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	39.5	37.7
Amortisation of intangible and right-of-use assets	14.8	9.5
Derivatives at fair value through income statement	(1.7)	13.0
Net finance costs	39.6	45.8
Defined benefit charge less contributions paid	(1.4)	(1.1)
Share of loss in associates	0.2	1.0
Profit on disposal of associates	(4.1)	(5.2)
Release of contingent consideration	(0.4)	(1.8)
Share-based payment	0.1	0.6
Cash generated from operations before working capital movements	**154.6**	**155.2**

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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 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)**
Net increase in cash and cash equivalents	27.9	-	-	-	27.9
Proceeds from issue of borrowings	-	-	-	(27.9)	(27.9)
Repayment of borrowings	-	-	19.8	-	19.8
Issue costs on new long-term loans	-	-	-	1.2	1.2
Increase in interest accruals	-	-	(0.1)	-	(0.1)
Amortisation	-	-	(0.9)	(1.2)	(2.1)
Reclassifications	-	-	(19.7)	19.7	-
Translation difference	(3.7)	(0.1)	0.1	12.6	8.9
At 31 March 2020	**220.8**	**1.4**	**(25.9)**	**(910.6)**	**(714.3)**

Reconciliation of liabilities arising from financing activities:

	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)**

	At 1 April 2019 €m	Cash flows €m	Effects of foreign exchange €m	Other €m	At 31 March 2020 €m
Senior secured notes (2024 and 2025)	(602.0)	-	6.9	(1.2)	**(596.3)**
Project finance facilities	(336.0)	(6.9)	5.8	(0.9)	**(338.0)**
Interest	(2.1)	-	-	(0.1)	**(2.2)**
Total	**(940.1)**	**(6.9)**	**12.7**	**(2.2)**	**(936.5)**

30. LEASES

The Group has lease contracts for various items of land, buildings and motor vehicles used in its operations. Leases of land and buildings generally have lease terms between 5 and 25 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years.

There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land and buildings €m	Motor vehicles €m	Total €m
As at 1 April 2019	**20.6**	**-**	**20.6**
Additions	6.7	0.2	6.9
Exchange adjustment	(0.4)	-	(0.4)
Amortisation	(1.7)	(0.1)	(1.8)
As at 31 March 2020	**25.2**	**0.1**	**25.3**

Set out below are the carrying amounts of lease liabilities included within financial liabilities (as disclosed in note 26) and the movements during the period:

	Lease liabilities €m
As at 1 April 2019	**(25.4)**
Additions	(8.2)
Exchange adjustment	0.4
Accretion of lease liability	(1.4)
Payments	2.6
As at 31 March 2020	**(32.0)**
Current	(2.0)
Non-current	(30.0)

The maturity analysis of lease liabilities is disclosed in note 26.

Other amounts recognised in the income statement:

	2020 €m
Expense relating to short term leases	0.1
Variable lease payments	0.4
Total	**0.5**

There were no expenses during the year ended 31 March 2020 relating to leases of low-value assets. The Group had total cash outflows for leases of €3.1m for the year ended 31 March 2020.

The future minimum rentals payable under non-cancellable operating leases recognised at 31 March 2019 were as follows:

	2019 €m
Within one year	2.3
After one year but not more than five years	8.4
More than five years	25.8
	36.5

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 EP 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:

	2020 €m	2019 €m
Within one year	31.4	32.1
After one year but not more than five years	75.8	113.5
	107.2	**145.6**

In September 2016, PPB exercised its option with EP 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 2020 the Group had contracted future capital expenditure in respect of tangible fixed assets of €12.9m (2019 - €22.2m).

(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 Northern Ireland Electricity 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 AND PROPOSED

Dividends of €40.0m, at €9,950.25 per share, were declared during the year but were not paid at year end and are included as a separate line item in the statement of financial position.

In 2019, dividends of €33.4m were paid to the parent undertaking on 2 January 2019, at €8,308.46 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:

	2020 €m	2019 €m
Expense arising from equity-settled share-based payment transactions	0.1	0.6
	0.1	**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**
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at 31 March 2020	**905**	**1,088**
Exercisable at 31 March 2020	**-**	**-**

The following table lists the inputs to the model used for the calculation of the fair value of the plan:

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:	**2020**	**0.6**	**(3.0)**	**-**
	2019	0.9	(12.1)	(1.0)

		Interest receivable €m	Amounts owed by related parties €m	Allowance for expected credit losses €m
Loans to related parties:				
Associate: Eco Wind Power Limited	**2020**	**-**	**-**	**-**
	2019	0.9	16.5	(6.4)

Transactions with associates

There was no investment in associates at 31 March 2020. At 31 March 2019 the Group had a 25% interest in Eco Wind Power Limited (EWP). In August 2019 the Group sold its 25% interest in Eco wind Power.

Transactions with key management personnel

Compensation of key management personnel of the Group are shown as follows:

	2020 €m	2019 €m
Short-term employee benefits	2.7	2.5
Post employment pension and medical benefits	0.1	0.1
Share-based payments	0.1	0.6
Total compensation to key management personnel	**2.9**	**3.2**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

35. EVENTS AFTER THE BALANCE SHEET DATE

As disclosed in note 16, on 16 April 2020 the Group completed the acquisition of XMR Energy Limited (Crossmore), a 15MW wind farm development project in County Clare, RoI.

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36. RESTATED PRIOR YEAR COMPARATIVES

During 2020 the Group reviewed the previous classification for Emissions Allowances, Energy Efficiency Credits and ROCs in accordance with IAS 1.66 and concluded that the intangible assets were incorrectly disclosed as non-current rather than current intangible assets.

The impact has required the Group to restate the 2019 comparatives to reclassify the Emissions Allowances, Energy Efficiency Credits and ROCs from non-current intangible assets to current intangible assets. The impact at 1 April 2019 to net assets was €nil.

Extract from Consolidated Balance Sheet

ASSETS	31 March 2019 Audited €m	Adjustments €m	Restated 31 March 2019 Audited €m
Non-current assets:			
Property, plant and equipment	513.9	-	513.9
Intangible assets	694.2	(76.8)	617.4
Investment in associates	2.9	-	2.9
Derivative financial instruments	2.7	-	2.7
Deferred tax assets	29.7	-	29.7
	1,243.4	**(76.8)**	**1,166.6**
Current assets:			
Intangible assets	-	76.8	76.8
Inventories	5.6	-	5.6
Trade and other receivables	216.4	-	216.4
Derivative financial instruments	22.4	-	22.4
Other current financial assets	13.1	-	13.1
Cash and cash equivalents	196.6	-	196.6
	454.1	**76.8**	**530.9**
TOTAL ASSETS	**1,697.5**	**-**	**1,697.5**

APPENDIX (UNAUDITED)

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	**2020 €m**	2019 €m
Group pro-forma EBITDA	**164.1**	**167.1**
Less EBITDA from project financed renewable assets	(41.1)	(40.1)
Pro-forma EBITDA for the Senior Secured Notes Restricted Group	**123.0**	**127.0**

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) decreased to €123.0m (2019 - €127.0m) primarily reflecting a reduction in EBITDA from the Renewable PPA contracts, partly offset by an increase in EBITDA in the Flexible Generation and Customer Solutions businesses.

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	**2020 €m**	2019 €m
Investments	1.4	1.5
Cash and cash equivalents	190.8	165.4
Senior secured notes €350m (2025)	(345.3)	(344.7)
Senior secured notes £225m (2024)	(251.0)	(257.3)
Interest accruals - Senior secured notes	(1.1)	(1.2)
Other interest accruals	(0.9)	(0.8)
Pro-forma Net Debt for the Senior Secured Notes Restricted Group	**(406.1)**	**(437.1)**

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
CHP	Combined Heat and Power
CO_2	Carbon dioxide
Company	Energia Group Limited
CPI	Consumer Price Index in the RoI
CRM	Capacity Remuneration Mechanism
CRU	Commission for Regulation of Utilities
CSR	Corporate Social Responsibility
DCCAE	Department of Communications, Climate Action and Environment
DfE	Department for the Economy
DHPLG	Department of Housing, Planning and Local Government
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
EGNIPS	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 EGNIPS
FRC	Financial Reporting Council
GB	Great Britain
Group	Energia Group Limited and its subsidiary undertakings
GWh	GigaWatt Hours
GIY	Grow It Yourself
HEC	Home Energy Check
HMRC	HM Revenue & Customs
IASB	International Accounting Standards Board
IAS	International Accounting Standard
IBEC	Irish Business and Employers' Confederation
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

IoT	Internet of Things
I-SEM	New EU integrated SEM
ISAs (UK)	International Standards in Auditing (UK)
ISO	International Organisation for Standardisation
IWEA	Irish Wind Energy Association
KPI	Key Performance Indicators
LRSA	Local Reserve Services Agreement
LTIR	Lost Time Incident Rate
MIP	Management Investment Plan
MW	megawatt
MWh	megawatt hour
NIEN	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
OLEV	Office for Low Emission Vehicles
Options	Money purchase section of EGNIPS
p.a.	Per Annum
PEE	Primary Electrical Energy
PPA	Power Purchase Agreement
PPB	Power Procurement Business
PDR	Performance and Development Review
PSO	Public Service Obligation
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
SECR	Streamlined Energy and Carbon Reporting
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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