Registered No. NI 647432

# Energia Group NI FinanceCo plc
(formerly known as Viridian Group FinanceCo plc)

Annual Report and Accounts

31 March 2019

## GENERAL INFORMATION

**Directors**
Alwyn Whitford
Ian Thom
Siobhan Bailey
Tom Gillen

**Company secretary**
Alwyn Whitford

**Registered office**
Greenwood House
64 Newforge Lane
Belfast
BT9 5NF

**Auditors**
Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

**Registered number of incorporation**
NI 647432

## STRATEGIC REPORT

The directors of Energia Group NI FinanceCo plc (the Company), (formerly known as Viridian Group FinanceCo Plc), present their Strategic Report for the year ended 31 March 2019.

The Company is a member of the Energia Group (formerly the Viridian Group, 'the Group'), which includes Energia Group Limited (EGL), (formerly known as Viridian Group Investments Limited), and its subsidiary undertakings (the Group / the Energia Group). On 13 May 2019, as part of a Group rebranding exercise, the Company changed its name from Viridian Group FinanceCo Plc to Energia Group NI FinanceCo plc.

**Principal activity**
The principal activity of the Company is that of a financing company. During the year the Company's main activities related to investing and financing of intra group loans.

***Business review***
The results for the year ended 31 March 2019 show a profit after tax of £0.5m (8 months to 31 March 2018 - £0.2m), (the Company was incorporated on 14 August 2017) and reflects higher net interest income for the full year of £0.6m (8 months to 31 March 2018 - £0.3m).

**Treasury risks**
The Company's liquidity, funding, investment and financial risk is managed by the Energia Group treasury function. The objective of Energia Group treasury is to manage risk at optimum cost. A continuous forecasting and monitoring process is in place to manage risk.

*Capital management and liquidity risk*
The Company is financed through a combination of equity and debt finance. The Company's equity is detailed in the Statement of Changes in Equity.

The Company's net debt position at 31 March is outlined in the table below:

| | Note | **2019**<br>**£m** | 2018<br>£m |
|---|---|---|---|
| Amounts owed by group undertakings | 8 | **221.9** | 223.3 |
| Senior secured notes (2024) | 9 | **(222.8)** | (222.4) |
| Senior secured notes interest payable | 9 | **(0.5)** | (0.5) |
| | | **(1.4)** | 0.4 |

The maturity profile of the Company's financial liabilities is detailed within note 9 to the accounts.

## STRATEGIC REPORT (continued)

*Capital management and liquidity risk (continued)*
The main sources of liquidity for the Company are loans from within the Energia Group and interest receivable on loans to group undertakings. The Company's liquidity risk in respect of loans from group undertakings is managed through the preparation of cash flow forecasts and discussions with the Energia Group treasury function regarding the level of intercompany funding required. Loans with group undertakings are adjusted on a daily basis to meet the Company's cash requirement.

In September 2017 the Company issued £225.0m Sterling denominated 7 year 4.75% Senior secured notes due in September 2024.

*Interest rate risk*
The borrowings of the Company are denominated in sterling and carry a fixed rate of interest of 4.75%.

| | 2019 £m | 2018 £m |
|---|---|---|
| **Net debt fixed/floating analysis:** | | |
| Fixed rate debt | **222.8** | 222.4 |

*Foreign currency risk*
None of the Company's financial instruments are denominated in a foreign currency and therefore the Company has no exposure to foreign currency risk.

*Credit risk*
The Company's principal financial assets are outlined in the table below:

| | Note | 2019 £m | 2018 £m |
|---|---|---|---|
| Other financial assets | 8 | **221.9** | 223.3 |

The Company's credit risk in respect of other financial assets is primarily attributable to loans made to group undertakings. The Company recognises an allowance for expected credit losses (ECL) based on a forward looking approach taking into consideration past events, current conditions and reasonable and supportable forecasts that effect the expected collectability of the future cashflows of the loans made to group undertakings as disclosed in note 8.

The Company applied IFRS 9 Financial Instruments for the first time in this set of financial statements as further described in the accounting policies note. This resulted in the recognition of an expected credit loss on amounts owed by group undertakings of £2.3m at the transition date 1 April 2018 and as at 31 March 2019 resulting in net liabilities at 31 March 2019 of £1.5m.

Credit risks arising from the Company acting as guarantor are disclosed in note 9 to the accounts.

## STRATEGIC REPORT (continued)

**Going concern**
The Company is financed by medium term Senior secured notes due in September 2024.

The Company's forecasts and projections, taking into account possible changes in performance, show that the Company expects to operate within its Senior secured notes facilities for at least 12 months from the date of signing of the financial statements.

The Group's forecasts and projections, taking into account possible changes in performance, show that the Group will have adequate financial resources to enable it to continue for at least 12 months from the date of signing of the financial statements.

Accordingly and based upon their enquiries of the director of EGL, who indicates that it is EGL's present intention to continue to provide financial support to the Company and to provide sufficient funds to the Company for these purposes, the directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

By order of the Board

Alwyn Whitford
Company Secretary

Registered office:
Greenwood House
64 Newforge Lane
Belfast
BT9 5NF

Registered number: NI 647432

Date: 16 September 2019

## DIRECTORS' REPORT

The directors of Energia Group NI FinanceCo plc (the Company), present their Annual Report and Accounts for the year ended 31 March 2019.

The parent undertaking of the smallest and largest group of which the Company is a member and for which group accounts are prepared is Energia Group Limited. A copy of the group accounts of Energia Group Limited is available from the Energia Group website www.energiagroup.com under the 'Investor Relations' tab.

**Future developments**
The directors do not expect there to be any significant changes to the Company's activities in the foreseeable future.

**Directors**
The directors of the Company are as listed on page 1.

None of the directors or the Company Secretary at 31 March 2019 had any interest in the share capital of the Company at the beginning or end of the year.

**Charitable and political donations**
There were no charitable donations in the year. There were no political donations during the year.

**Financial instruments**
The main risks associated with the Company's financial assets and liabilities are described in the Strategic Report.

**Disclosure of information to the auditors**
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow directors and the Company's auditors, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Auditors**
In accordance with Section 487 of the Companies Act 2006 Ernst & Young LLP is deemed reappointed as external auditor of the Company.

By order of the Board

Alwyn Whitford
Company Secretary

Registered office:
Greenwood House
64 Newforge Lane
Belfast
BT9 5NF

Registered number: NI 647432

Date: 16 September 2019

## DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, Directors' Report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 Reduced Disclosure Framework.

Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the financial position of the Company as at the year end and of the profit and loss of the Company for the year and otherwise comply with the Companies Act 2006.

In preparing these accounts, the directors are required to:

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

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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENERGIA GROUP NI FINANCECO PLC

**Opinion**

We have audited the financial statements of Energia Group NI FinanceCo plc (the 'Company') for the year ended 31 March 2019 which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 11, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Overview of our audit approach**

| | |
|---|---|
| Key audit matters | • Recoverability of intercompany receivables |
| Materiality | • Overall materiality of £2.2 million which represents 1% of total assets |

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

| Risk | Our response to the risk | Key observations communicated to the Board |
|---|---|---|
| **Recoverability of intercompany receivables (£221.9m, 2018: £223.3m)**<br><br>*Refer to the Accounting policies (page 17); and Note 8 of the Financial Statements (page 23).*<br><br>During the prior period the Company raised £225m through the issuance of 2024 senior secured notes which pay a fixed interest rate of 4.75% payable annually in arrears. These loan notes are listed on the International Stock Exchange.<br><br>The funds generated from these notes have been lent to other companies within the Energia Group to fund continuing operations. The recoverability of the intercompany receivables is considered to be a Key Audit Matter.<br><br>An allowance for expected credit loss is provided based on an estimate of future cash flows. In arriving at this estimate, the Company considers the credit rating of the wider Energia Group and an assessment of current economic conditions, which is in line with the approach prescribed by IFRS 9 *Financial Instruments* ('IFRS 9').<br><br>Management have applied 12-month expected credit losses ('ECL') as it is deemed that there has been no deterioration in credit quality since initial recognition of the receivable in the prior year and there is low credit risk in relation to the intercompany receivables. | In order to establish the recoverability of the intercompany debtors, we:<br><br>• assessed whether the loss allowance, recognised on adoption of IFRS 9 at 1 April 2018 and at year end, was accurately and consistently calculated in accordance with the Company's methodology;<br><br>• assessed the credit worthiness of the counterparty by obtaining their audited financial statements and comparing the intercompany receivable balance against the net assets of the counterparty;<br><br>• corroborated the credit rating for the Group, which was used to calculate the ECL provision to external sources; and<br><br>• audited the disclosures in respect of the intercompany receivable balances in the financial statements. | Based on the procedures performed, we are satisfied that the intercompany receivable is recoverable and found the expected credit loss allowance and the adequacy of disclosure for intercompany receivables to be acceptable. |

| Risk | Our response to the risk | Key observations communicated to the Board |
|---|---|---|
| On adoption of IFRS 9 a provision of £2.3m was recognised. This is a key estimate for the year ended 31 March 2019 and is considered a key audit matter.<br><br>Management have concluded that the intercompany receivable is recoverable based on the underlying financial performance and position of the relevant entities. | | |

In the prior period, our auditor's report included a key audit matter in relation to accounting for the issuance of £225m 2024 senior secured notes. In the current year, this has not been included as a key audit matter as this was a one-off event in the prior period with no further refinancing in the current year.

**An overview of the scope of our audit**

**Tailoring the scope**
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

**Our application of materiality**
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

**Materiality**
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £2.2 million (2018: £1.1 million), which is 1% (2018: 0.5%) of total assets. The basis of materiality increased from 0.5% of total assets in the prior period to 1% of total assets, due to limited changes in the business environment. We believe that total assets provide us with a consistent year on year basis for determining materiality.

During the course of our audit, and at completion, we reassessed initial materiality and confirmed it was appropriate.

**Performance materiality**
*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £1.7m (2018: £0.8m). We have set performance materiality at this percentage to ensure that total detected and undetected audit differences do not exceed our planning materiality for the financial statements as a whole.

**Reporting threshold**
*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Company Board that we would report to them all uncorrected audit differences in excess of £0.1 million (2018: £0.1 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

**Other information**
The other information comprises the information included in the annual report set out on pages 2 to 5, 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, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matter prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENERGIA GROUP NI FINANCECO PLC (continued)

**Matters on which we are required to report by exception**
Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's report.

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

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

**Responsibilities of directors**
As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report

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

Ernst & Young LLP

Michael Kidd (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

18 September 2019

## INCOME STATEMENT
## for the year ended 31 March 2019

| | Note | 2019<br>£m | 8 Month period ended 31 Mar 2018<br>£m |
|---|---|---|---|
| Interest receivable and similar income | 5 | **11.7** | 6.0 |
| Interest payable and similar cost | 6 | **(11.1)** | (5.7) |
| Net finance income | | **0.6** | 0.3 |
| **Profit before taxation** | | **0.6** | 0.3 |
| Tax charge | 7 | **(0.1)** | (0.1) |
| **Profit for the year** | | **0.5** | 0.2 |

## STATEMENT OF COMPREHENSIVE INCOME
## for the year ended 31 March 2019

The Company had no comprehensive income or loss other than the profit for the year of £0.5m (8 months to 31 March 2018 - £0.2m).

## BALANCE SHEET
## as at 31 March 2019

| | Note | 2019 £m | 2018 £m |
|---|---|---|---|
| **Current assets** | | | |
| Financial assets | 8 | **221.9** | 223.3 |
| | | **221.9** | 223.3 |
| **Creditors: amounts falling due within one year** | | | |
| Income tax payable | 7 | **(0.1)** | (0.1) |
| Financial liabilities | 9 | **(0.5)** | (0.5) |
| | | **(0.6)** | (0.6) |
| **Net current assets** | | **221.3** | 222.7 |
| **Creditors: amounts falling due after more than one year** | | | |
| Financial liabilities | 9 | **(222.8)** | (222.4) |
| | | **(222.8)** | (222.4) |
| **Net (liabilities)/assets** | | **(1.5)** | 0.3 |
| **Capital and reserves** | | | |
| Equity share capital | 10 | **0.1** | 0.1 |
| Retained (losses)/earnings | | **(1.6)** | 0.2 |
| **Total equity** | | **(1.5)** | 0.3 |

The accounts were approved by the Board of directors and authorised for issue on 16 September 2019. They were signed on its behalf by:

Ian Thom
Director

Date: 16 September 2019

## STATEMENT OF CHANGES IN EQUITY
## for the year ended 31 March 2019

| | Note | Equity share capital £m | Retained (losses) / earnings £m | Total £m |
|---|---|---|---|---|
| **At incorporation on 14 August 2017** | | **0.1** | **-** | **0.1** |
| Profit for the period | | - | 0.2 | 0.2 |
| **At 31 March 2018** | | **0.1** | **0.2** | **0.3** |
| Effect of adoption of new accounting standard | 8 | - | (2.3) | (2.3) |
| **At 1 April 2018 (restated)** | | **0.1** | **(2.1)** | **(2.0)** |
| Profit for the year | | - | 0.5 | 0.5 |
| **At 31 March 2019** | | **0.1** | **(1.6)** | **(1.5)** |

## 1. General information

Energia Group NI FinanceCo plc is a private company limited by shares incorporated and domiciled in Northern Ireland.

The accounts have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosures Framework' (FRS 101) and applied in accordance with the provisions of the Companies Act 2006.

The accounts are presented in Sterling (£) with all values rounded to the nearest £m except where otherwise indicated.

## 2. Accounting policies

**Basis of preparation**
The Company prepares its accounts in accordance with FRS 101 for the period presented. The results of Energia Group NI FinanceCo plc are included in the consolidated financial statements of Energia Group Limited which are available on the Energia Group website www.energiagroup.com under the 'Investor Relations' tab.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: disclosures, because equivalent disclosures have been provided in the consolidated financial statements of the group in which the entity is consolidated.
- the requirements of paragraph 97 of IFRS 13 Fair Value Measurement.
- the requirements of IAS 7 Statement of Cash Flows.
- the requirements of paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79 (a)(iv) of IAS 1.
- the requirements of paragraphs 10(d), 16, 111, 134, 135 and 136 of IAS 1 Presentation of Financial statements.
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures.
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The principal accounting policies are set out below:

## 2. Accounting policies (continued)

**Applicability of going concern basis**
The Company is financed by medium term Senior secured notes due in September 2024.

The Company's forecasts and projections, taking into account possible changes in performance, show that the Company expects to operate within its Senior secured notes facilities for at least 12 months from the date of signing of the financial statements.

The Group's forecasts and projections, taking into account possible changes in performance, show that the Group will have adequate financial resources to enable it to continue for at least 12 months from the date of signing of the financial statements.

Accordingly and based upon their enquiries of the director of EGL, who indicates that it is EGL's present intention to continue to provide financial support to the Company and to provide sufficient funds to the Company for these purposes, the directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

**New and amended standards and interpretations**
The Company applied IFRS 9 for the first time in this set of financial statements. The nature and effect of the changes as a result of adoption of this new standard is described below.

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

*Impairment*
The adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach with the main impact for the Company being in relation to amounts owed by group undertakings. There has been no significant increase in the credit risk of amounts owed by group undertakings since initial recognition and therefore the Company has, in accordance with IFRS 9, calculated 12 month ECLs for these financial assets. This required the Company to estimate the probability of default of amounts owed by group undertakings within 12 months after the reporting date and to multiply this by the total expected loss that would result from that default. This resulted in the Company recognising an ECL on amounts owed by group undertakings of £2.3m at the transition date 1 April 2018 as outlined in note 8.

**IFRS 15 Revenue from Contracts with Customers**
IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue with customers. IFRS 15 is effective from 1 April 2018 however the Company does not have revenue within the scope of the standard.

## 2. Accounting policies (continued)

**Financial instruments**

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

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company 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, including directly attributable transaction costs.

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 Company'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 Company. The Company 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.

## 2. Accounting policies (continued)

**Financial instruments (continued)**

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate ('EIR') method and are subject to impairment under the ECL model. 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 and amounts due from related parties. Trade receivables do not carry any interest and are recognised and carried at the lower of their original invoiced value net of ECLs.

*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 Company's balance sheet) when:

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

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

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

*Impairment of financial assets*
The Company 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 Company 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).

## 2. Accounting policies (continued)

**Financial instruments (continued)**

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

*Financial liabilities*
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables.

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 Company's financial liabilities include other payables, loans and borrowings and amounts due to related parties.

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

*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 and amounts due to related parties which are not interest bearing and stated at their nominal amount.

*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.

## 2. Accounting policies (continued)

**Tax**
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 deferred 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 Company'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 bases 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 or loss.

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 year 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 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.

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

**Borrowing costs**
Borrowing costs are expensed in the year they occur. Borrowing costs consist of interest as calculated using the EIR method that an entity incurs in connection with the borrowing of funds.

**Segmental analysis**
The Company's principal activity is that of a financing company and has only one reporting segment.

## 2. Accounting policies (continued)

**Key estimates and judgements**
The preparation of the Company's 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 finance 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.

*Impairment testing of financial assets*
The Company 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 Company expects to receive, discounted at an approximation of the original effective interest rate and requires an estimation of the probability of default of financial assets.

## 3. Auditors' remuneration

The following remuneration was paid to the Company's auditors in respect of services to the Company as follows:

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| Fees payable to the Company's auditor for the audit of the Company's accounts | **2** | 2 |

## 4. Staff costs and directors' remuneration

The Company did not employ any persons during the current and previous year, except for the directors.

**Directors**
No remuneration was paid to the directors of the Company during the year in respect of qualifying services.

Director's remuneration was paid to the Company's directors by other group undertakings, however the portion of those emoluments that relate to his services as director of the Company are considered negligible.

## 5. Interest receivable and similar income

| | | 8 month period ended 31 Mar |
|---|---|---|
| | **2019** | 2018 |
| | **£m** | £m |
| Amounts owed by group undertakings | **11.7** | 6.0 |

## 6. Interest payable and similar cost

| | 2019<br>£m | 8 month period ended 31 Mar 2018<br>£m |
|---|---|---|
| Interest on Senior secured notes | **(10.7)** | (5.5) |
| Amortisation of financing costs on Senior secured notes | **(0.4)** | (0.2) |
| | **(11.1)** | (5.7) |

## 7. Tax charge

**(i) Analysis of charge in the year**

| | 2019<br>£m | 2018<br>£m |
|---|---|---|
| *Income Statement* | | |
| **Current tax** | | |
| UK corporation tax at 19% (2018 - 19%) | **(0.1)** | (0.1) |
| ***Tax charge reported in the Income Statement*** | **(0.1)** | (0.1) |

**Tax charge**
**(ii) Reconciliation of total tax charge**
The tax charge in the Income Statement for the year is the same as the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are reconciled below:

| | 2019<br>£m | 2018<br>£m |
|---|---|---|
| Accounting profit before tax | **0.6** | 0.3 |
| Accounting profit multiplied by the UK standard rate of corporation tax of 19% (2018 - 19%) | **(0.1)** | (0.1) |
| **Tax charge for the year** | **(0.1)** | (0.1) |

## 8. Financial assets

| | 2019 £m | 2018 £m |
|---|---|---|
| **Current** | | |
| Amounts owed by fellow subsidiary undertakings | **224.2** | 223.3 |
| Allowance for expected credit losses | **(2.3)** | - |
| **Total current and non-current financial assets** | **221.9** | 223.3 |

The amounts owed by group undertakings are repayable on demand. Interest rates are fixed at 5.25%.

As a result of applying IFRS 9 the Company recognised an allowance for ECLs of £2.3m at the transition date of 1 April 2018. The Company has reviewed the allowance for ECLs at the Balance Sheet date 31 March 2019 and determined the ECL of £2.3m remains appropriate.

The Company calculated a 12 month ECL provision for amounts owed by group undertakings by estimating the probability of default of amounts owed by group undertakings within 12 months of the reporting date and multiplying this by the total expected loss that would result from that default.

## 9. Financial liabilities

| | 2019 £m | 2018 £m |
|---|---|---|
| **Current** | | |
| Senior secured notes interest payable | **0.5** | 0.5 |
| **Non-current** | | |
| Senior secured notes £225m (2024) | **222.8** | 222.4 |
| **Total current and non-current financial liabilities** | **223.3** | 222.9 |

The Senior secured notes (2024) were issued in September 2017 and are repayable in one instalment on 15 September 2024. Interest is payable semi-annually at a fixed coupon rate of 4.75%. The carrying value of the Senior secured notes (2024) includes unamortised costs of £2.2m (2018 - £2.6m).

The Senior secured notes (2024) are denominated in Sterling and 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%.

The Company acts as a co-obligor to the €350.0m Senior secured notes 2025 issued by a fellow subsidiary of the Energia Group, Energia Group RoI Holdings DAC, (formerly known as Viridian Power and Energy Holdings DAC). Correspondingly, Energia Group RoI Holdings DAC acts as a co-obligor of the Company's £225.0m Senior secured notes 2024.

## 10. Authorised and issued share capital

**Equity share capital presented as equity**

| | 2019 Number | 2018 Number | 2019 £m | 2018 £m |
|---|---|---|---|---|
| *Authorised* | | | | |
| 50,000 Ordinary shares of £1.00 each | **50,000** | 50,000 | **0.1** | 0.1 |

The balance classified as share capital presented as equity in the Balance Sheet and the Statement of Changes in Equity comprises the nominal value of the Company's share capital, consisting of £1 ordinary shares.

## 11. Related party disclosures

The immediate parent undertaking of the Company is Energia Group NI Holdings Limited (formerly known as Viridian Group Limited), a company incorporated in Northern Ireland. The parent of the smallest and largest groups of which the Company is a member and for which group accounts are prepared is Energia Group Limited, a company incorporated in the Cayman Islands. A copy of the group accounts of Energia Group Limited is available on the Energia Group website www.energiagroup.com under the 'Investor Relations' tab.

The ultimate parent undertaking and controlling party of the Company is Energia Group Topco Limited (formerly known as Viridian TopCo Limited), a company incorporated in the Cayman Islands.