

Registered number: 9688977

ESB Energy Limited

Annual Report and Financial Statements
For the year ended 31 December 2018



ESB Energy Limited

Company Information

Directors

Y. Burke
K. McKervey
J. Walsh (appointed 1 December 2018)
P. O'Hiceadha (resigned 1 October 2018)
C. McAllister
P. Stapleton (resigned 9 April 2018)
T. Bean (appointed 1 December 2018)

Company secretary

J. Healy

Registered number

9688977

Registered office

Tricor Suite
4th Floor
50 Mark Lane
London
England
EC3R 7QR

Independent auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

ESB Energy Limited

Contents

	Page
Strategic Report	1 - 2
Directors' Report	3 - 5
Independent Auditors' Report	6 - 8
Profit and Loss Account	9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 21

ESB Energy Limited

Strategic Report For the Year Ended 31 December 2018

The directors present their Strategic Report for the year ended 31 December 2018.

Business review

The company is engaged in the the supply of electricity and gas in Great Britian to residential customers.

The company recorded a loss after tax of of £8,170 thousand (2017: £2,980 thousand) and had net liabilities of £11,150 thousand at 31 December 2018 (31 December 2017: £2,980 thousand).

The increase in loss during the year is due in part to the company being a start up in 2017. The company intends to continue to increase its market presence as opportunities arise.

The directors consider it appropriate to prepare the financial statements on a going concern basis (See note 1.4).

Principal risks and uncertainties

The company's risk profile reflects the principal activities of the business and is summarised below. The directors have put in place a series of processes to mitigate major risk. The issues are dealt with in detail below.

1. Financial

The main financial risks facing the company are credit risk, cash flow risk and liquidity risk. These issues are dealt with in detail below.

2. Contractual

In the course of its normal trading activites the company has entered into contracts for the purchase of electricity and gas. These contracts have been reviewed and are approved from a legal, insurance and financial perspective to ensure no undue contractual risk exposure is created for the company.

Financial management risks

The company's financial instruments comprise of cash at bank and in hand, debtors and creditors that arise directly from its operations.

The main risks are as follows:

1. Credit risk

The credit risk on electricity and gas customer accounts is managed through the ongoing monitoring of debtor days, the collection of monies in advance by direct debit and a collection policy based on the credit worthiness, size and duration of debt. The concentration of risk in the company is in relation to retail electricity and gas accounts that have closed in arrears. In addition, given an increase in competition, certain customers may switch suppliers before they have settled their outstanding balances. These accounts are managed within the company's debt collection policy.

2. Cash flow risk and liquidity risk

The directors are confident that the company will continue to have sufficient resources given the support of its parent undertaking to meet its ongoing activities for the foreseeable future.

ESB Energy Limited

**Strategic Report (continued)
For the Year Ended 31 December 2018**

Financial key performance indicators

The board has determined the following key performance indicator which addresses financial performance:

1. Loss before tax

The loss before tax in 2018 is £8,170 thousand (2017 - loss £2,980 thousand).

Other key performance indicators

The board has determined the following key performance indicators which address operational performance:

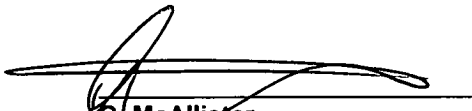
1. Customer numbers

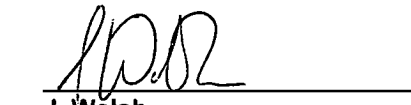
The customer numbers as at 31 December 2018 were 36,000 (2017 - 4,500)

2. Safety

There were no safety incidents reported in 2018 (2017 - Nil).

This report was approved by the board and signed on its behalf.


C. McAllister
Director
Date: 18 September 2019


J. Walsh
Director
18/09/19

ESB Energy Limited

Directors' Report For the Year Ended 31 December 2018

The directors present their annual and financial statements for the year ended 31 December 2018. The comparative period is from 1 August 2016 to 31 December 2017.

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The directors 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.

Principal activities

The principal activity of the company is the supply of electricity and gas in Great Britain to residential customers.

ESB Energy Limited is a 100% subsidiary of ESB Group (UK) Limited which is a fully owned subsidiary of ESB.

Results and dividends

The loss for the year, after taxation, amounted to £8,170 thousand (2017 - loss for the period of £2,980 thousand).

No dividend was declared by the directors (2017 - £Nil).

Going concern

The directors have adopted the going concern basis in preparing the financial statements. Further details are set out in note 1.4 to the financial statements.

ESB Energy Limited

Directors' Report (continued) For the Year Ended 31 December 2018

Directors, secretary and their interests

The directors who served during the year were:

Y. Burke
K. McKervey
J. Walsh (appointed 1 December 2018)
P. O'Hiceadha (resigned 1 October 2018)
C. McAllister
P. Stapleton (resigned 9 April 2018)
T. Bean (appointed 1 December 2018)

The directors and secretary had no disclosable interests in the shares of the company, or any other group company, as defined in section 177 of the Companies Act 2006, at 31 December 2018 or 31 December 2017.

Political and charitable contributions

The company made no political or charitable contributions during the year (2017 - £Nil).

Future developments

The directors have no plans to change the activities of the company. The directors intend to continue to increase the company's market presence.

Research and development activities

The company did not engage in any research or development activities in the current or preceding year.

Branches

The company has no branches outside Great Britain.

Qualifying third party indemnity provisions

A directors' insurance policy is in place for directors acting in ESB Energy Limited.

Statement on relevant audit information

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information (within the meaning of section 418 (2) of the Companies Act 2006).

Events since the end of the financial year

There have been no significant events since the Balance Sheet date that the directors believe require adjustment to, or disclosure in the financial statements.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

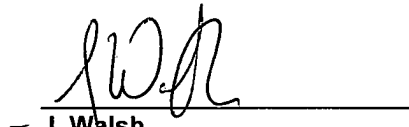
ESB Energy Limited

**Directors' Report (continued)
For the Year Ended 31 December 2018**

This report was approved by the board and signed on its behalf.



C. McAllister
Director
Date: 18 September 2019



J. Walsh
Director
Date: 18 September 2019

ESB Energy Limited

Independent Auditors' Report to the Members of ESB Energy Limited

Report on the audit of the financial statements

Opinion

In our opinion, ESB Energy Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements which comprise:

- the Balance Sheet as at 31 December 2018;
- the Profit and Loss Account for the year then ended;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report and Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

ESB Energy Limited

Independent Auditors' Report to the Members of ESB Energy Limited

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

ESB Energy Limited

Independent Auditors' Report to the Members of ESB Energy Limited

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Mary Cleary

Mary Cleary (Senior Statutory Auditor)

for and on behalf of

PricewaterhouseCoopers

Chartered Accountants and Statutory Audit Firm

One Spencer Dock

North Wall Quay

Dublin 1

Ireland

Date: *18/9/19*

ESB Energy Limited

**Profit and Loss Account
For the year ended 31 December 2018**

		Year ended 31 Dec 2018 £000	Period ended 31 Dec 2017 £000
Turnover	3	16,965	359
Cost of sales		(18,590)	(360)
Gross loss		(1,625)	(1)
Administrative expenses		(8,442)	(3,708)
Operating loss	4	(10,067)	(3,709)
Taxation credit on loss from ordinary activities	7	1,897	729
Loss for the financial year/period		(8,170)	(2,980)

The notes on pages 13 to 21 form part of these financial statements.

ESB Energy Limited

**Statement of Comprehensive Income
For the year ended 31 December 2018**

	Year ended 31 Dec 2018 £000	Period ended 31 Dec 2017 £000
Loss for the financial year/period	(8,170)	(2,980)
Total comprehensive loss for the year/period	<u>(8,170)</u>	<u>(2,980)</u>


The notes on pages 13 to 21 form part of these financial statements.

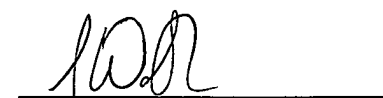
ESB Energy Limited
Registered number:9688977

Balance Sheet
As at 31 December 2018

	Note	31 Dec 2018 £000	31 Dec 2017 £000
Non-current assets			
Intangible assets	8	5,977	2,642
Current assets			
Trade and other receivables	9	7,179	903
Cash at bank and in hand	10	10,070	7,089
		<u>17,249</u>	<u>7,992</u>
Trade and other payables falling due within one year	11	<u>(34,376)</u>	<u>(13,614)</u>
Net current liabilities		<u>(17,127)</u>	<u>(5,622)</u>
Total assets less current liabilities		<u><u>(11,150)</u></u>	<u><u>(2,980)</u></u>
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account		(11,150)	(2,980)
Shareholders' deficit		<u><u>(11,150)</u></u>	<u><u>(2,980)</u></u>

The financial statements were approved by the board and signed on its behalf by:


C. McAllister
Director
Date: 18 September 2019


J. Walsh
Director
Date: 18 September 2019

The notes on pages 13 to 21 form part of these financial statements.

ESB Energy Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2018**

	Share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2018	-	(2,980)	(2,980)
Comprehensive loss for the year			
Loss for the year	-	(8,170)	(8,170)
Total comprehensive loss for the year	-	(8,170)	(8,170)
Total transactions with owners	-	-	-
At 31 December 2018	-	(11,150)	(11,150)

**Statement of Changes in Equity
For the period ended 31 December 2017**

	Called up share capital £000	Profit and loss account £000	Total equity £000
Comprehensive loss for the period			
Loss for the period	-	(2,980)	(2,980)
Other comprehensive loss for the period	-	-	-
Total comprehensive loss for the period	-	(2,980)	(2,980)
Total transactions with owners	-	-	-
At 31 December 2017	-	(2,980)	(2,980)

The notes on pages 13 to 21 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

1. Accounting policies

ESB Energy Limited is a limited company incorporated and operating in Great Britain. The principal activity of the company is the supply of electricity and gas in Great Britain to residential customers.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Sterling, which is the functional currency of the company, rounded to the nearest thousand.

1.1 Basis of preparation of financial statements

The financial statements of ESB Energy Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006.

1.2 Financial Reporting Standard 101 - reduced disclosure exemptions

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

- IAS 1: Presentation of Financial Statements: Certain disclosures including comparative information
- IAS 7: Statement of Cash Flows: A Cash Flow Statement and related notes
- IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 24: Related Party Disclosures: Disclosures in respect of transactions entered into between two or more members of the ESB Group, provided that any subsidiary which is a party to the transaction is a wholly owned subsidiary
- IAS 24: Related Party Disclosures: Disclosures in respect of compensation of key management personnel
- IFRS 15: Revenue from Contracts with Customers: Disclosure requirements of paragraphs 110, 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129

As the consolidated financial statements of Electricity Supply Board (ESB), the company's ultimate parent undertaking, include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 7: Financial Instrument Disclosures: Disclosures relating to financial instruments
- IFRS 13: Fair Value Measurement.
- IAS 36: Impairment of Assets.

1.3 New standards, amendments and IFRIC interpretations

IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss (ECL) model. The application of IFRS 9 from 1 January 2018 has had no impact on the amounts recognised in the company's Balance Sheet as at 1 January 2018 or its Statement of Comprehensive Income.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 18 Transfer of Assets from Customers, IFRIC 13 Customer Loyalty Programmes and related interpretations. The application of IFRS 15 from 1 January 2018 has had no impact on revenue recognised in the company's Profit and Loss Account.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

1. Accounting policies (continued)

1.4 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company has adequate financial resources to continue in operational existence for at least 12 months from the date of approval of these financial statements.

The company incurred losses of £8.2m in the year (31 December 2017: loss of £3.0m), had net liabilities of £11.1m (31 December 2017: £3.0m) and had net current liabilities £17.1m at 31 December 2018 (31 December 2017: net current liabilities £5.6m). The company has continued to incur losses since 31 December 2018.

The directors, having regard to the continued support of its shareholder ESB, have a reasonable expectation that the company will have adequate financial resources to continue in operational existence for at least 12 months from the date of approval of these financial statements and consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

1.5 Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. The resulting monetary assets and liabilities are translated at the rate ruling at the Balance Sheet date and the exchange differences are dealt with in the Profit and Loss Account. Non-monetary assets and liabilities measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

1.6 Intangible assets

Development costs that are directly associated with the production of identifiable and unique software products controlled by the company and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it - there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell
- the software is available
- the expenditure attributable to the software during its development can be reliably measured.

Direct costs include the costs of software development, employees and an appropriate portion of relevant overheads. These assets are measured at cost less accumulated amortisation, which is estimated over their estimated useful lives (three to five years) on a straight line basis, and accumulated impairment losses.

1.7 Impairment

Assets that are subject to depreciation and amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets not yet in use are tested annually for impairment. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU).

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

1. Accounting policies (continued)

1.8 Amounts payable to and receivable from Group companies

Intercompany debtors and creditors, including loans, are non-derivative financial assets and liabilities which are not quoted in an active market. Those with maturities less than twelve months after the Balance Sheet date are included in current assets and current liabilities respectively.

Those with maturities greater than twelve months after the Balance Sheet date are included in non-current assets or liabilities, as appropriate. The balances are initially recorded at fair value and thereafter at amortised cost.

1.9 Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits repayable on demand and other short-term highly liquid investments with original maturities of three months or less.

1.10 Trade and other receivables

Trade and other receivables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method less provision made for impairment.

1.11 Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the expected credit loss calculations, based on the company's past history, existing market conditions and forward looking estimates at the end of each reporting period. For loans and balances with Group companies, the general approach permitted by IFRS 9 is applied, which requires 12 month expected credit losses to be recognised on initial recognition of these receivables. If a significant increase in credit risk occurs, this requires expected lifetime credit losses to be recognised on these receivables. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a life time expected loss allowance for all trade and other receivables.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there is no impairment loss identified.

1.12 Trade and other payables

Trade and other payables are initially recorded at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost using the effective interest rate method.

1.13 Turnover

Turnover is derived from sales to residential electricity and gas customers in Great Britain (GB). Turnover is recognised over time on consumption of electricity and gas. Electricity and gas revenue includes the value of units supplied to customers between the date of the last meter reading and the period end.

1.14 Cost of sales

Cost of sales comprise purchased electricity and gas, Use of System charges, net emissions costs, and feed in tariff costs. Purchased electricity and gas costs are recognised as they are utilised.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

1. Accounting policies (continued)

1.15 Current and deferred taxation

Income tax on the profit or loss for the year/period comprises current and deferred tax. Income tax is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised directly in other comprehensive income or equity.

Current tax

Current tax is provided at current rates and is calculated on the basis of results for the year/period.

Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

1.16 Share capital

Financial instruments that have been issued are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the company. Ordinary shares are classified as equity.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Judgements made by management in the application of FRS 101 that have a significant effect on the financial statements and estimates with a significant risk of material adjustment are:

1. Intangible Assets

The directors believe the significant area of judgement and estimation is the capitalisation of costs associated with the development of the company's billing system and the valuation of intangible assets. The directors expect the software will generate sufficient positive cash flow over its useful life and that no impairment exists at the balance sheet date.

2. Unbilled consumption

The measurement of unbilled electricity and gas accruals at the year end requires a degree of estimation and judgement, covering estimated volumes consumed by customers up to the year end date. The estimates and underlying assumptions are reviewed on an ongoing basis.

ESB Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

3. Turnover

An analysis of turnover by class of business is as follows:

	Year ended 31 Dec 2018 £000	Period ended 31 Dec 2017 £000
Gas	7,177	166
Electricity	9,788	193
	16,965	359

Analysis of turnover geographically:

	Year ended 2018 £000	Period ended 2017 £000
Great Britain	16,965	359
	16,965	359

4. Operating loss

The operating loss is stated after charging:

	Year ended 31 Dec 2018 £000	Period ended 31 Dec 2017 £000
Amortisation of intangible assets	1,005	-
Defined contribution pension cost	82	67
	1,087	67

5. Auditors' remuneration

The following amounts were paid to the company's auditors in respect of the audit of the financial statements:

	Year ended 31 Dec 2018 £000	Period ended 31 Dec 2017 £000
Audit fees	32	3

The audit fee is paid by a fellow group company.

ESB Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

6. Employees and directors' remuneration

The company has no employees (2017 - Nil).

Employee services were provided by a fellow group undertakings to the company. Costs and expenses incurred of £2,446 thousand (2017: £972 thousand) in respect of these employees were recharged to the company.

Directors of the company are employees of ESB and are remunerated by ESB for their services. During the year, no directors received any emoluments (2017 - £Nil) in respect of acting as directors of the company.

7. Taxation

	Year ended 31 Dec 2018 £000	Period ended 31 Dec 2017 £000
Corporation tax		
Current tax on loss for the year/period	(1,913)	(729)
Adjustments in respect of prior periods	16	-
Total current tax	(1,897)	(729)
Total deferred tax	-	-
Taxation credit on loss on ordinary activities	(1,897)	(729)

ESB Energy Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

7. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year differs from the tax based on the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Loss on ordinary activities before tax	<u>(10,067)</u>	<u>(3,709)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(1,913)	(714)
Effects of:		
Other	-	(22)
Expenses not deductible for tax purposes	-	7
Adjustments to tax charge in respect of prior periods	16	-
Total taxation credit for the year/period	<u>(1,897)</u>	<u>(729)</u>

The tax on losses incurred have been surrendered to a fellow group company and the company has charged for the losses surrendered.

Factors that may affect future tax charges

The UK corporation tax rate for the financial year was 19% (2017: 19.25%). The 2016 Budget for the UK included the provision that the UK corporation tax rate will reduce to 17% over a period up to 2020. The reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was substantively enacted on 15 September 2016. This will reduce the company's future current tax charge accordingly.

ESB Energy Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

8. Intangible assets

	Software £000	Software Under Development £000	Total £000
Cost			
At 1 January 2018	-	2,642	2,642
Additions	-	4,340	4,340
Transfers	6,982	(6,982)	-
At 31 December 2018	<u>6,982</u>	<u>-</u>	<u>6,982</u>
Amortisation			
Charge for the year	1,005	-	1,005
At 31 December 2018	<u>1,005</u>	<u>-</u>	<u>1,005</u>
Net book value			
At 31 December 2018	<u>5,977</u>	<u>-</u>	<u>5,977</u>
At 31 December 2017	<u>-</u>	<u>2,642</u>	<u>2,642</u>

The directors have assessed the carrying value of the company's intangible assets for impairment and consider that no write down of the asset is necessary.

9. Trade and other receivables

	2018 £000	2017 £000
Trade receivables - billed and unbilled (net)	2,982	124
Prepayments	922	-
Amounts owed by group undertakings	2,917	729
VAT recoverable	358	50
	<u>7,179</u>	<u>903</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade debtors are after provision of £0.1m (2017 - £Nil)

ESB Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

10. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	10,070	7,089
	<u>10,070</u>	<u>7,089</u>

11. Trade and other payables falling due within one year

	2018 £000	2017 £000
Trade payables	1,450	39
Amounts owed to group undertakings	29,256	12,553
Other payables	266	-
Accruals	3,404	1,022
	<u>34,376</u>	<u>13,614</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12. Share capital

	2018 £000	2017 £000
Authorised, allotted, called up and fully paid		
1 (2017 - 1) Ordinary share of £1.00	-	-
	<u>-</u>	<u>-</u>

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

13. Events after the end of the reporting period

There are no events after the reporting period that the directors believe require adjustment to or disclosure in the financial statements.

14. Controlling party

The company is 100% owned by ESB Group (UK) Limited, a company incorporated in the United Kingdom. ESB Group (UK) Limited is a wholly owned subsidiary of Electricity Supply Board (ESB). ESB, established and operating in Ireland, is the ultimate parent. The largest and smallest group into which the results of the company are consolidated is that headed by ESB and the consolidated financial statements of ESB are available to the public and may be obtained from Two Gateway, East Wall Road, Dublin 3, D03 A995, Ireland.