

**REPORTS AND FINANCIAL STATEMENTS**

**ERVIA ESOP TRUSTEE DESIGNATED ACTIVITY COMPANY**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**ERVIA ESOP TRUSTEE DESIGNATED ACTIVITY COMPANY**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**ERVIA ESOP TRUSTEE DESIGNATED ACTIVITY COMPANY**

**DIRECTORS AND OTHER INFORMATION**

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**DIRECTORS**

F. McGuire (*Chairperson*)  
C.T. Farrell  
M. Lane  
P. Duffy  
M.M. McGowan  
E. Murphy  
D. O'Donovan

**SECRETARY**

C. Ogle

**REGISTERED OFFICE**

Gasworks Road  
Cork

**INDEPENDENT AUDITOR**

Deloitte  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche  
Earlsfort Terrace  
Dublin 2

**SOLICITORS**

Eversheds  
One Earlsfort Centre  
Earlsfort Terrace  
Dublin 2

**COMPANY NUMBER**

455489

## **ERVIA ESOP TRUSTEE DESIGNATED ACTIVITY COMPANY**

### **DIRECTORS' REPORT**

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The directors present their annual report and the audited financial statements of Ervia ESOP Trustee Designated Activity Company ('the Company') for the year ended 31 December 2016.

#### **PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS**

An employee share ownership scheme was established for the benefit of eligible employees called The Ervia Employee Share Ownership Plan (the ESOP). The ESOP is composed of three separate trusts: The Ervia Employee Share Ownership Trust (the ESOT), The Ervia Approved Profit Sharing Scheme (the APSS) and the Ervia 2014 Trust. Ervia ESOP Trustee Designated Activity Company was incorporated on 4 April 2008 and is the trustee of these three trusts.

Following engagement by Ervia ESOP Trustee Designated Activity Company (ESOP) with the Department of Communications, Energy and Natural Resources, the Department of Public Expenditure and NewERA, in relation to the implications for the ESOP of the sale of Bord Gáis Energy and the implementation of the Third Directive, agreement was reached in March 2014 regarding the buy-out by Ervia of the 3.27% of the capital stock of Ervia held by the Trustee on behalf of ESOP beneficiaries. The buy-out was contingent upon the close of the sale of Bord Gáis Energy which completed on 30 June 2014.

The agreement provided for the acquisition of the entire capital stock issued to the Ervia ESOT in exchange for promissory notes issued by Ervia to be redeemed over the period 2014 to 2018 for a total consideration of €53.6m.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal responsibility of the Company is to ensure that when each tranche of promissory note is redeemed, the redemption monies flow through to the ESOP participants entitled to receive them. The principal risk the Company faces is potential legal exposure in the event of a failure in the ESOP payment process, or the overseeing and monitoring of that process.

Information concerning the principal risks and uncertainties facing the Company as required under the terms of the European Accounts Modernisation Directive (2003/51/EEC) (implemented in Ireland by the European Communities (International Financial reporting Standards and Miscellaneous Amendments) Regulations 2005), is set out in Note 4 to the financial statements.

#### **RESULTS**

The statement of comprehensive income for the year ended 31 December 2016 and balance sheet as at 31 December 2016 are set out on pages 8 and 9 respectively.

This Company did not trade during the year.

#### **ACCOUNTING RECORDS**

To ensure that proper books and accounting records are kept in accordance with Sections 281-285 of the Companies Act 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The accounting records are located at Webworks, Eglinton St, Cork.

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## ERVIA ESOP TRUSTEE DESIGNATED ACTIVITY COMPANY

### DIRECTORS' REPORT

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#### DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

In accordance with the Articles of Association, the directors are not required to retire by rotation. The directors and secretary had no interest in the share capital of the Company at any time during the year. The directors, other than the chairperson, are beneficiaries of the Employee Share Ownership Plan of Ervia, the ultimate parent undertaking. The remuneration of the professional trustee director is paid by the ESOP. The other directors do not receive any remuneration.

The names of the persons who were directors and secretary at any time during and since the year ended 31 December 2016 are set out below:

*Employee Nominated Trustee Directors*

C.T. Farrell  
E. Murphy  
D. O'Donovan  
P. Duffy

*Company Nominated Trustee Directors*

M. Lane  
M.M. McGowan

*Professional Trustee Director*

F. McGuire

*Secretary*

C. Ogle

#### SUBSEQUENT EVENTS

At the date of approval of the financial statements the directors are not aware of any post balance sheet events that require adjustment or disclosure to be made in the financial statements.

#### STATEMENT ON RELEVANT AUDIT INFORMATION

In accordance with Section 330 of the Companies Act 2014, the Directors confirm that, in so far as the Directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware, and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

#### INDEPENDENT AUDITOR

The Independent Auditor, Deloitte, Chartered Accountants and Statutory Audit Firm, continues in office in accordance with Section 383(2) of the Companies Act 2014.

For and on behalf of Ervia ESOP Trustee Designated Activity Company:



Director  
D. O'DONOVAN



Director  
M.M. MCGOWAN



Date of Approval

## ERVIA ESOP TRUSTEE DESIGNATED ACTIVITY COMPANY

### DIRECTORS' RESPONSIBILITIES STATEMENT

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The directors' are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014 and the applicable regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("relevant financial reporting framework"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:


- select suitable accounting policies for the Company Financial Statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; 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 ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. 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.

For and on behalf of:



Director  
D. O'DONOVAN



Director  
M.M. MCGOWAN



Date of Approval

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ERVIA ESOP TRUSTEE DESIGNATED ACTIVITY COMPANY**

We have audited the financial statements of Ervia ESOP Trustee Designated Activity Company (formerly Bord Gais ESOP Trustee Limited) for the financial year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 11. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("relevant financial reporting framework").

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with the Companies Act 2014 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Financial Statements for the year ended 31 December 2016 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2016 and of the result for the year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

### **Matters on which we are required to report by the Companies Act 2014**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.

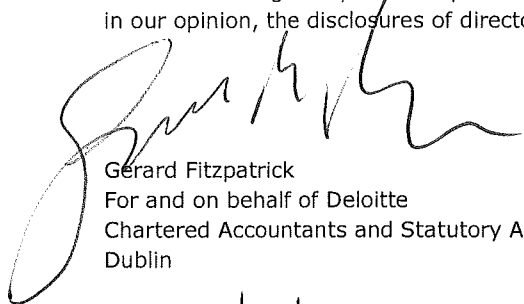
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ERVIA ESOP TRUSTEE DESIGNATED ACTIVITY COMPANY**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.



Gerard Fitzpatrick  
For and on behalf of Deloitte  
Chartered Accountants and Statutory Audit Firm  
Dublin

Date: 11/10/2017



**ERVIA ESOP TRUSTEE DESIGNATED ACTIVITY COMPANY**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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The Company did not trade during the financial year or the preceding financial year and received no income and incurred no expenditure. Consequently during these years the Company made neither a profit nor a loss.

**ERVIA ESOP TRUSTEE DESIGNATED ACTIVITY COMPANY**

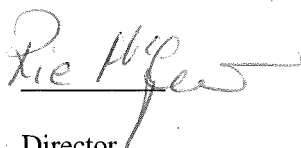
**BALANCE SHEET  
AS AT 31 DECEMBER 2016**

	Notes	31-Dec-16 €	31-Dec-15 €
<b>ASSETS</b>	5		
Cash and cash equivalents		<u>1</u>	<u>1</u>
<b>Total current assets</b>		<u>1</u>	<u>1</u>
<b>TOTAL ASSETS</b>		<u>1</u>	<u>1</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Called up share capital presented as equity	6	1	1
Retained Earnings	7	<u>-</u>	<u>-</u>
<b>Total Equity</b>		<u>1</u>	<u>1</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1</u>	<u>1</u>

The financial statements were approved by the Board of Directors and signed on its behalf by:



Director  
D. O'DONOVAN



Director  
M.M. MCGOWAN

5/10/2017

Date of Approval

**ERVIA ESOP TRUSTEE DESIGNATED ACTIVITY COMPANY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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The Company did not trade during the financial year or the preceding financial year and received no income and incurred no expenditure. Consequently during these years there were no cash flows in the Company.

**ERVIA ESOP TRUSTEE DESIGNATED ACTIVITY COMPANY**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>€</b>	<b>€</b>	<b>€</b>
Balance at 31 December 2015	<u>1</u>	<u>-</u>	<u>1</u>
Balance at 31 December 2016	<u><u>1</u></u>	<u><u>-</u></u>	<u><u>1</u></u>

## **ERVIA ESOP TRUSTEE DESIGNATED ACTIVITY COMPANY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **1. STATEMENT OF ACCOUNTING POLICIES**

The significant accounting policies adopted by the Company are as follows:

##### **BASIS OF PREPARATION**

Ervia ESOP Trustee DAC ('the Company') is a designated activity company ("DAC"). The Company was incorporated as sole trustee of the Ervia Employee Share Ownership Trust, the Ervia Approved Profit Sharing Scheme and the Ervia 2014 Trust. The Company's registered office is Gasworks Road, Cork. The Company did not trade during the year.

The financial statements are presented in euro and are prepared on a historical cost basis.

##### **i. Statement of Compliance:**

The financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU ('EU IFRS'), International Financial Reporting Interpretations Committee ('IFRIC') and in accordance with the Companies Act 2014.

The financial statements have been prepared in accordance with those IFRS and IFRIC interpretations issued and effective for accounting periods ending on or before 31 December 2016.

##### **ii. Use of estimates and judgements:**

The preparation of the financial statements, in conforming with IFRS, requires the use of judgements, estimates and assumptions in determining the value of assets and liabilities, income and expenses recorded for the period, and positive and negative contingencies at financial year end. Actual results in future financial statements may differ from current estimates due to changes in these assumptions or economic conditions.

There are no critical accounting judgements made in the preparation of the Company's financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which these estimates are revised and in any future periods affected.

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**ERVIA ESOP TRUSTEE DESIGNATED ACTIVITY COMPANY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. STATEMENT OF ACCOUNTING POLICIES - continued**

**1.1 New accounting standards and interpretations**

In the current financial year, the Company has applied a number of new and revised IFRS, as set out below, that are mandatorily effective under IFRS, as endorsed by the EU, for accounting periods beginning on or after 1 January 2016. The application of these amendments to standards did not have a material impact on the Ervia ESOP Trustee DAC financial statements for 2016.

<b>Standard/Amendment</b>	<b>Effective Date (as endorsed by the EU)</b>	<b>Endorsed by the EU</b>
Annual Improvements to IFRS 2010-2012	1 February 2015	December 2014
Amendment to IAS 19 Defined Benefit Plans: Employee Contributions	1 February 2015	December 2014
Amendments to IAS 16 and IAS 41: Bearer Plants	1 January 2016	November 2015
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	November 2015
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	December 2015
Annual Improvements to IFRSs 2012–2014 Cycle	1 January 2016	December 2015
Amendments to IAS 1: Disclosure Initiative	1 January 2016	December 2015
Amendments to IAS 27: Equity Method in Separate Financial Statements	1 January 2016	December 2015
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016	December 2015
IFRS 14 Regulatory Deferral Accounts	1 January 2016	n/a

A number of new standards, amendments to standards and interpretations are not yet effective for the financial year ended 31 December 2016 and have not been applied in preparing these financial statements. The application of these new standards, amendments and interpretations is either not expected to have a material impact on the financial statements or is still under assessment.

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**ERVIA ESOP TRUSTEE DESIGNATED ACTIVITY COMPANY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. STATEMENT OF ACCOUNTING POLICIES - continued**

**1.1 New accounting standards and interpretations - continued**

IFRS 16 Leases was issued on 13 January 2016 with an IASB effective date of 1 January 2019 (not yet endorsed by the EU). This new standard will replace IAS 17 Leases (and associated interpretative guidance), and offers a new comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The most significant change will be to lessee accounting, where the distinction between operating and finance leases is removed, and will effectively bring onto the balance sheet the accounting for assets and liabilities associated with operating leases. There will be no significant changes in respect of lessor accounting.

<b>Standard/Amendment</b>	<b>IASB Effective Date<sup>1</sup></b>	<b>Endorsed by the EU</b>
IFRS 15 Revenue from Contracts with Customers	1 January 2018	September 2016
IFRS 9 Financial Instruments	1 January 2018	November 2016
Amendments to IAS 40: Transfers of Investment Property	1 January 2018	(Outstanding)
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018	(Outstanding)
Annual Improvements to IFRS Standards 2014-2016 Cycle	1 January 2017/ 1 January 2018	(Outstanding)
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018	(Outstanding)
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018	(Outstanding)
Amendments to IAS 7: Disclosure Initiative	1 January 2017	(Outstanding)
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	(Outstanding)
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely	n/a
IFRS 16 Leases	1 January 2019	(Outstanding)

<sup>1</sup> IASB date provided if not yet endorsed by the EU

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**ERVIA ESOP TRUSTEE DESIGNATED ACTIVITY COMPANY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. STATEMENT OF ACCOUNTING POLICIES - continued**

**1.2 Cash and cash equivalents**

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

**2. DETERMINATION OF FAIR VALUE**

When applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

**3. STATUTORY INFORMATION**

The remuneration of the professional trustee director is paid by the ESOP. The other directors did not receive any remuneration from the Company in either the current or prior year. The Company does not have any employees.

**4. RISK MANAGEMENT**

The financial risk management of the Company is fully integrated with the risk management function of the Group. As a result the policies and procedures used to manage the risk have been incorporated within those of the Group. The Directors consider that the Company's credit risk is minimal, as its exposure is limited to its holding company. The Directors consider that the Company's business is not exposed to any foreign exchange risk, market risk or liquidity risk. The Company's income and operating cash flows are substantially independent of changes in market interest rates.

**5. CASH AND CASH EQUIVALENTS**

	<b>31-Dec-16</b>	<b>31-Dec-15</b>
	<b>€</b>	<b>€</b>
Cash	<u>1</u>	<u>1</u>

**6. CALLED UP SHARE CAPITAL PRESENTED AS EQUITY**

	<b>31-Dec-16</b>	<b>31-Dec-15</b>
	<b>€</b>	<b>€</b>
<i>Authorised:</i>		
100 ordinary shares of €1.00 each	<u>100</u>	<u>100</u>
<i>Allotted and called up:</i>		
1 ordinary share of €1.00 each	<u>1</u>	<u>1</u>

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**ERVIA ESOP TRUSTEE DESIGNATED ACTIVITY COMPANY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**7. RETAINED EARNINGS**

	€
Balance at 31 December 2015	-
Balance at 31 December 2016	<u>-</u>

**8. PARENT COMPANY**

Ervia ESOP Trustee DAC was incorporated as sole trustee of the Ervia Employee Share Ownership Trust, the Ervia Approved Profit Sharing Scheme and the Ervia 2014 trust. The Company is wholly owned by Ervia, however Ervia has no ability or rights to exert control over the assets or management of the Company. The Board of Directors is chaired by an independent professional director with four directors representing Ervia employees and two directors appointed by Ervia. The Company does not trade in its own right.

**9. RELATED PARTY TRANSACTIONS**

The Company did not have any transactions with other group companies or other related parties during the year.

The Company's audit fees are borne by the Ervia Group and are not recharged to the Company.

**10. SUBSEQUENT EVENTS**

There have been no significant events affecting the Company since the financial year end requiring disclosure in the financial statements.

**11. APPROVAL OF FINANCIAL STATEMENTS**

The directors approved the financial statements on 05/10/2017.