

Gaslink Independent System Operator DAC

Reports & Financial Statements

Year Ended 31 December 2016

CONTENTS

	<i>Page</i>
<i>Directors and Other Information</i>	<i>3</i>
<i>Report of the Directors</i>	<i>4-5</i>
<i>Directors' Responsibilities Statement</i>	<i>6</i>
<i>Independent Auditors' Report</i>	<i>7-8</i>
<i>Statement of Comprehensive Income</i>	<i>9</i>
<i>Statement of Financial Position</i>	<i>10</i>
<i>Statement of Changes in Equity</i>	<i>11</i>
<i>Statement of Cash Flows</i>	<i>12</i>
<i>Notes to the Financial Statements</i>	<i>13-28</i>



DIRECTORS AND OTHER INFORMATION

BOARD OF DIRECTORS

E. Nyhan

S. Casey

BANKERS

***Allied Irish Bank,
66 South Mall,
Cork.***

SECRETARY AND REGISTERED OFFICE

***L. O'Riordan,
Gasworks Road,
Cork.***

SOLICITORS

***Mason Hayes & Curran,
South Bank House,
Barrow Street,
Dublin 4.***

AUDITOR

***Deloitte,
Chartered Accountants and Statutory Audit Firm,
No. 6 Lapp's Quay,
Cork.***

***O'Flynn Exhams,
58 South Mall,
Cork.***



REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITIES

Gaslink Independent System Operator DAC (“the Company” or “Gaslink”) ceased to trade on 1st August 2015 and the company’s trade was transferred to Gas Networks Ireland (GNI). The company did not trade during year ended 31 December 2016. The Company is dormant and currently there are no plans for future activity.

PRINCIPAL RISKS AND UNCERTAINTIES

The financial risk management of the Company is fully integrated with the risk management function of the Ervia 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.

RESULTS AND DIVIDENDS

Gaslink did not trade during year end 31 December 2016. Gaslink made a profit of €352,386 for the 7 months up to 31 July 2015 at which point the trade was transferred to Gas Networks Ireland. Assets and liabilities were transferred to Ervia by way of a dividend of €2,347,502 on 1st August 2015.

DIRECTORS AND SECRETARY

The Directors and Secretary are as set out on page 3.

None of the board members or the company secretary had any interests in the company during the year or at year end. The directors (E. Nyhan and S. Casey) and the company secretary were the only members of the company who held a beneficial interest in the ultimate parent through their participation in the Ervia Employee Share Ownership scheme. The details of this scheme will be included in the Ervia Annual Report for the financial year ended 31 December 2016.

POLITICAL DONATIONS

There were no donations made during the financial year to any political party.

ACCOUNTING RECORDS

The Directors are responsible for ensuring that proper books and accounting records, as outlined in Section 281 to 285 of the Companies Act, 2014, are kept by the company. To achieve this, the directors have appointed appropriate personnel to ensure that those requirements are complied with. These books and accounting records are maintained at Gasworks Road, Cork.



REPORT OF THE DIRECTORS (CONT'D)

GOING CONCERN

Gaslink transferred its trade and the associated licenses to Gas Networks Ireland on 1st August 2015, this together with a dividend to Ervia eliminated virtually all the assets and liabilities of the company. While Gaslink is a non trading company since 1st August 2015, the financial statements are prepared on a going concern basis as the directors consider that the company will remain dormant into the future.

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.

AUDITOR

The auditor, Deloitte, Chartered Accountants and Statutory Audit Firm, has expressed its willingness to continue in office in accordance with Section 383(2) of the Companies Act, 2014.

For and on behalf of Gaslink Independent System Operator DAC:


E. Nyhan
Director


S. Casey
Director


Date of Approval



STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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 Gaslink Independent System Operator DAC:


E. Nyhan
Director


S. Casey
Director


Date of Approval



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GASLINK INDEPENDENT SYSTEM OPERATOR DAC

We have audited the financial statements of Gaslink Independent System Operator DAC for the financial year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 20. 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 auditors

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 financial 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 financial 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.

(Continued on next page)

(Continued from previous page)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GASLINK INDEPENDENT SYSTEM OPERATOR DAC**

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.

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.



Kevin Butler

For and on behalf of Deloitte

Chartered Accountants and Statutory Audit Firm

Cork

Date: 6/10/17

GASLINK INDEPENDENT SYSTEM OPERATOR DAC


STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2016

	<i>Notes</i>	<i>2016</i>	<i>2015</i>
		<i>€</i>	<i>€</i>
<u>Discontinued operations</u>			
Revenue	4	-	2,307,662
Other operating income	5	-	140,833
Operating costs	6	-	(2,095,699)
Profit from operating activities		-	352,796
Net finance expense	8	-	(410)
Profit before income tax		-	352,386
Income tax charge	9	-	-
Profit for the financial year from discontinued operations	15	-	352,386
<u>Other comprehensive income</u>			
Total comprehensive income for the financial year		-	352,386
Total comprehensive income attributable to:			
Owners of the company		-	352,386

All results for the year derive from discontinued operations.

For and on behalf of Gaslink Independent System Operator DAC:


E. Nyhan
 Director


S. Casey
 Director


27/09/2017
 Date of Approval

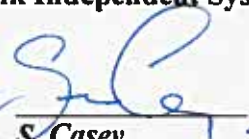



GASLINK INDEPENDENT SYSTEM OPERATOR DAC
STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

		31 December 2016	31 December 2015
	Notes	€	€
Assets			
Non-current assets			
Property, plant & equipment	10	-	-
Intangible assets	11	-	-
Total non-current assets		-	-
Current assets			
Amounts owed from group companies	17	1	1
Total current assets		1	1
Total assets		1	1
Equity			
Called up share capital presented as equity	14	(1)	(1)
Retained earnings	15	-	-
Total equity attributable to equity holders of the company		(1)	(1)
Total liabilities		-	-
Total equity and liabilities		(1)	(1)

For and on behalf of Gaslink Independent System Operator DAC:


E. Nyhan
 Director


S. Casey
 Director


27/09/2017
 Date of Approval



GASLINK INDEPENDENT SYSTEM OPERATOR DAC
STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2016

Attributable to equity holders of the
company

	<i>Share Capital</i>	<i>Retained Earnings</i>	<i>Total Equity</i>
	€	€	€
Balance at 1 January 2015	1	1,995,116	1,995,117
Total comprehensive income for the financial year	-	352,386	352,386
Dividend paid	-	(2,347,502)	(2,347,502)
Balance at 31 December 2015	1	-	1
Total comprehensive income for the financial year	-	-	-
Balance at 31 December 2016	1	-	1



GASLINK INDEPENDENT SYSTEM OPERATOR DAC
STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2016

	<i>Notes</i>	<i>2016</i>	<i>2015</i>
		<i>€</i>	<i>€</i>
<u>Discontinued Operations</u>			
Cash flows from operating activities			
Profit for the financial year from discontinued operations		-	352,386
<u>Adjustments for:</u>			
Depreciation and amortisation		-	4,815
Interest expense		-	410
		-	357,611
<u>Working Capital Changes:</u>			
Increase in trade and other receivables and amounts owed from group companies	18	=	(189,232)
Cash generated from operating activities		-	168,379
Interest paid		-	(410)
Net cash generated from operating activities		-	167,969
Cash flows from financing activities			
Increase in amounts owed from group companies	18	-	1,280,356
Dividend		-	(1,568,099)
Net cash used in financing activities		-	(287,743)
Net decrease in cash and cash equivalents		-	(119,774)
Cash and cash equivalents at 1 January		-	119,774
Cash and cash equivalents at 31 December		-	-



NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The company did not trade during year end 31st December 2016. Gaslink was the Transmission System Operator (TSO) and Distribution System Operator (DSO) responsible for operating, maintaining and developing Ireland's natural gas transmission and distribution systems. Gaslink ceased to trade on 1st August 2015 and the company's business and activities were transferred to Gas Networks Ireland. As part of the Network Transfer Plan, a dividend of €2,347,502 was made to Ervia. Gaslink also became a subsidiary of Gas Networks Ireland.

2. Basis of Preparation

The financial statements are presented in Euro have been prepared under the historical cost convention.

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with the Companies Act 2014.

They have been prepared in accordance with those IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective for accounting periods ending on or before 31 December 2016.

(b) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS's 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 year-end. Actual results in future financial statements may differ from current estimates due to changes in these assumptions or economic conditions.

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

The principal estimates and judgements were applied to the underlying assets which were transferred as part of the Networks Transfer Plan on 1st August 2015. Given their importance in the company's financial statements, the impact of any change in assumption in these areas could be significant.

Other judgements

When necessary, the company exercises judgement to determine the most appropriate accounting policy that will supply relevant, reliable information for preparation of its financial statements.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(c) New Accounting Standards and Interpretations

In the current 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 Gaslink Independent System Operator DAC financial statements for 2016.

Standard/Amendment	Effective Date endorsed by the EU)	Endorsed by the EU
Annual Improvements to IFRS 2010-2012	1 February 2015	December 2014
Annual Improvements to IFRS 2012-2014	1 January 2016	December 2015
Amendment to IAS 19 Defined Benefit Plans: Employee Contributions	1 February 2015	December 2014
IFRS 14 Regulatory Deferral Accounts	1 January 2016	(Outstanding)
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
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	September 2016

A number of new standards, amendments to standards and interpretations are not yet effective for the 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:



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(c) New Accounting Standards and Interpretations (Cont'd)

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

¹ IASB date provided if not yet endorsed by the EU.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(c) New Accounting Standards and Interpretations (Cont'd)

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 statement of financial position the accounting for assets and liabilities associated with operating leases. There will be no significant changes in respect of lessor accounting.

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective (1 January 2018). The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces a five step approach to revenue recognition. Under IFRS 15, an entity should recognise revenue when the performance obligation is satisfied i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. IFRS 15 provides prescriptive guidance to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Summary of Significant Accounting Policies

The policies set out below were appropriate and have been consistently applied in these financial statements up until the execution of the transfer plan on 1st August 2015.

(a) Revenue Recognition

Ervia provided gas transportation services on behalf of the company. The company was not exposed to the financial risks and benefits associated with the revenue earned for the provision of these services. These were borne by the asset owner, Ervia up until the date of transfer to Gas Networks Ireland. Consequently, Ervia was entitled to all revenues arising in consideration for the provision of such services; save to the extent that they represented the recovery of the company's allowed revenue. This allowed revenue represented the recovery of the expected operating and establishment costs of the Company as agreed in advance with the industry regulator, the Commission for Energy Regulation (CER).

This expenditure was recorded on an accruals basis and therefore the associated revenue was also recorded on an accruals basis.

Certain circumstances may result in the regulatory "allowed" revenue being over or under recovered in the financial year. Any over or under recovery may be included, within certain parameters, in the calculation of the following year's regulatory revenue. No adjustment was made for over or under recoveries in the year that they arose. Revenue arose solely in Ireland.

(b) Retirement benefits

The company had both defined benefit and Personal Retirement Savings Account (PRSA) pension arrangements.

All employees of Gaslink transferred to Ervia, the parent company, on 1st August 2015, payroll costs up to this date were charged to Gaslink. A number of these employees were members of a defined benefit pension scheme through participation in a combined Ervia scheme. The contributions payable by the company under the defined benefit and PRSA schemes are charged to the statement of comprehensive income in the year in which they become payable.

Defined benefit accounting for these employees was not applied, as it was not feasible to identify the share of the underlying assets and liabilities in the Ervia scheme attributable to Gaslink on a consistent and reliable basis. As Ervia is the sponsoring employer of the Defined Benefit Plan, the obligation was not presented in these financial statements. This scheme was recognised in the financial statements of Ervia.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Summary of Significant Accounting Policies (continued)

(c) Property, Plant and Equipment

Property, plant and equipment was measured at cost less accumulated depreciation and accumulated impairment losses thereon. Cost included direct costs (including direct labour), overheads, decommissioning or restoration costs and interest incurred in financing the construction of the asset. Capitalisation of interest ceased when the asset was commissioned or where active development had been interrupted for an extended period.

The charge for depreciation was calculated to write down the cost of property, plant and equipment, less estimated residual value, on a straight-line basis over their expected useful lives. Depreciation was provided on a straight-line basis over the estimated useful lives.

Major asset classifications and their estimated useful lives are:

Plant and Equipment	7 years
Computer Hardware	3 years
Vehicles	5 years

Depreciation methods, useful lives and residual values were reviewed at each reporting date and adjusted if appropriate.

Subsequent expenditure, for example, the cost of replacing a component of an item of property, plant and equipment was recognised in the carrying amount of the item if it was probable that the future economic benefits associated with the item would flow to the company, and its cost could be measured reliably. The carrying amount of the replaced component was derecognised. The costs of the day-to-day servicing of property, plant and equipment was recognised in profit or loss as incurred.

(d) Intangible Assets

Software costs included both internally developed and externally purchased assets. Internally developed software referred to costs directly associated with the production of identifiable and unique software products controlled by the Company, which would probably generate economic benefits exceeding costs. These were recognised as intangible assets. These costs were capitalised only if the criteria set out in IAS 38 *Intangible Assets* was met. The expenditure capitalised included the cost of materials, direct labour, overhead costs that were directly attributable to preparing the asset for its intended use, and borrowing costs on qualifying assets.

Acquired computer software licenses were capitalised on the basis of the costs incurred to acquire and bring to use the specific assets.

These costs are amortised over their estimated useful lives on a straight-line basis.

Computer Software	3 Years
-------------------	---------



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Summary of Significant Accounting Policies (continued)

(e) Income Tax

Income tax expense comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured, at the tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying temporary differences can be deducted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously

(f) Financial Assets and Liabilities

Receivables from/ payables to group companies

Receivables from/ payables to group companies are non-derivative financial assets or liabilities which are not quoted in an active market. They are in current assets or liabilities in the statement of financial position. Receivables and payables are initially recorded at fair value and thereafter at amortised cost.

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.

(g) Operating Profit

Operating profit is stated before net finance costs.

(h) Finance Costs

Finance costs comprises interest expense on borrowings as they are incurred.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. Revenue

The company's revenue reflected the allowed revenue as agreed in advance with the industry regulator, the Commission for Energy Regulation (CER). This allowed revenue represented the recovery of the expected establishment and ongoing operating costs of the company for the financial year. This revenue arose solely in Ireland.

5. Other Operating Income

In 2011, the company entered into secondment agreements with the European Network of Transmission System Operators for Gas (ENTSOG). This income stream continued in 2015 but was transferred to Gas Networks Ireland on 1st August 2015 as part of the Network Transfer Plan.

The company ceased to trade on 1st August 2015 and the company's trade was transferred to Gas Networks Ireland.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. Operating Costs

	<i>Year ended</i> <i>31 December 2016</i>	<i>Year ended</i> <i>31 December 2015</i>
	<i>€</i>	<i>€</i>
Payroll expense	-	274,224
Other operating costs	-	1,821,475
Total	-	2,095,699

Operating costs are stated after charging:

	<i>Year ended</i> <i>31 December 2016</i>	<i>Year ended</i> <i>31 December 2015</i>
	<i>€</i>	<i>€</i>
Board members' fees	-	8,625
Depreciation and amortisation	-	4,815
Total	-	13,440

7. Employees

Average monthly number of employees, including temporary employees:

	<i>2016</i>	<i>2015</i>
	<i>No.</i>	<i>No.</i>
Employees	-	3

All employees of Gaslink transferred to Ervia, the parent company, on 1st August 2015 as part of the Network Transfer Plan.

Their total remuneration comprised:

	<i>Year ended</i> <i>31 December 2016</i>	<i>Year ended</i> <i>31 December 2015</i>
	<i>€</i>	<i>€</i>
Wages and salaries	-	214,846
Social security costs	-	25,099
Other retirement benefits	-	34,279
Payroll costs charged to profit or loss	-	274,224

All other required disclosures under section 305 and 306 of the Companies Act 2014 are Enil (2015: Enil).



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. Net Finance Expense

	<i>Year ended</i> <i>31 December</i> <i>2016</i> €	<i>Year ended</i> <i>31 December</i> <i>2015</i> €
Interest expense	-	(410)
Net finance expense	-	(410)

9. Income Tax and Deferred Tax Assets

	<i>Year ended</i> <i>31 December</i> <i>2016</i> €	<i>Year ended</i> <i>31 December</i> <i>2015</i> €
<i>Note</i>		
Current tax expense		
Current tax	-	44,403
Prior year overprovision	-	(127)
	-	44,276
Deferred tax		
Origination and reversal of temporary differences	-	1,502
	-	1,502
Transfer to Ervia	-	(45,778)
Total charge	-	-
Reconciliation of effective tax rate		
	€	€
Profit before income tax	-	352,386
Taxed at 12.5% (2015: 12.5%)	-	44,048
Expenses not deductible for tax purposes	-	1,800
Capital allowances less than depreciation on owned assets	-	57
Prior year overprovision - current tax	-	(127)
Transfer to Ervia	-	(45,778)
Income tax charge	-	-

The tax liability as at 1st August 2015 was borne by GNI as part of the Networks Transfer Plan.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

10. Property, Plant and Equipment²

	Vehicles	Computer Hardware	Plant & Equipment	Total
	€	€	€	€
Cost				
At 1 January 2015	40,229	102,721	22,811	165,761
Transferred to Ervia	(40,229)	(102,721)	(22,811)	(165,761)
At 31 December 2015	-	-	-	-
Accumulated depreciation				
At 1 January 2015	20,114	102,721	19,955	142,790
Charged in year	4,023	-	791	4,814
Transferred to Ervia	(24,137)	(102,721)	(20,746)	(147,604)
At 31 December 2015	-	-	-	-
At 31 December 2015	-	-	-	-
At 31 December 2016	-	-	-	-

11. Intangible Assets²

	Computer Software	Total
	€	€
Cost		
At 1 January 2015	82,406	82,406
Transferred to Ervia	(82,406)	(82,406)
At 31 December 2015	-	-
Accumulated amortisation		
At 1 January 2015	82,405	82,405
Charged in year	1	1
Transferred to Ervia	(82,406)	(82,406)
At 31 December 2015	-	-
Net Book Value		
At 31 December 2015	-	-
At 31 December 2016	-	-

² All balances and movements in Property Plant and Equipment and Intangible Assets relate to 2015.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. Operating Lease

At 31 December 2016, the company had no outstanding commitments for future minimum lease payments

13. Retirement benefits

A number of employees were members of a defined benefit pension scheme through participation in a combined Ervia scheme.

Defined benefit accounting for these employees was not applied as it is was not feasible to identify the share of the underlying assets and liabilities in the Ervia scheme attributable to Gaslink on a consistent and reliable basis.

The contributions payable by the company under the defined benefit and PRSA schemes were charged to the statement of comprehensive income in the year in which they become payable.

The retirement benefit charge for the defined benefit scheme in the statement of comprehensive income for the year was €nil (2015: €34,279).

During 2008 and in compliance with the provisions of the Pensions Act 1990 (as amended), the company appointed Personal Retirement Savings Account (PRSA) providers. No contributions were made on behalf of employees to this scheme in 2015 or 2016.

14. Called up share capital presented as equity

	<i>31 December 2016</i>	<i>31 December 2015</i>
	<i>€</i>	<i>€</i>
Authorised:		
1,000,000 ordinary shares of €1 each	<i>1,000,000</i>	<i>1,000,000</i>
Allotted and fully paid:		
1 ordinary share of €1 each	<i>1</i>	<i>1</i>

15. Retained Earnings

	<i>Share Capital</i>	<i>Retained Earnings</i>	<i>Total</i>
	<i>€</i>	<i>€</i>	<i>€</i>
Balance at 1 January 2015	<i>1</i>	<i>1,995,116</i>	<i>1,995,117</i>
Profit for the financial year		<i>352,386</i>	<i>352,386</i>
Dividends paid	<i>-</i>	<i>(2,347,502)</i>	<i>(2,347,502)</i>
At 31 December 2015	<i>1</i>	<i>-</i>	<i>1</i>
At 1 January 2016	<i>1</i>	<i>-</i>	<i>1</i>
At 31 December 2016	<i>1</i>	<i>-</i>	<i>1</i>



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16. Ultimate Parent Undertaking

The ultimate parent undertaking and ultimate controlling party, for which group financial statements are drawn up, is Ervia, established under the Gas Act 1976. Copies of the group financial statements can be obtained from the secretary of Ervia at Webworks, Eglinton St, Cork, Ireland. As part of the Network Transfer Plan, the following assets and liabilities of Gaslink were transferred to Ervia on 1st August 2015 by way of a dividend. Subsequently Ervia transferred its assets and liabilities to Gas Networks Ireland on 1st August 2015.

	<i>Assets Transferred</i> <i>1st August 2015</i> €
<i>Non-current assets</i>	
Property plant & equipment	18,157
Deferred tax asset	<u>5,718</u>
Total non-current assets	23,875
<i>Current assets</i>	
Trade & other receivables	18,748
Cash & cash equivalent	1,568,099
Amounts owed from group companies	1,035,195
Current tax asset	<u>23,209</u>
Total current assets	2,645,251
<i>Current liabilities</i>	
Trade creditors	(98,856)
Employee related liabilities	(27,727)
Accruals	<u>(195,041)</u>
Total liabilities	(321,624)
Net assets transferred to Ervia on 1st August 2015/dividend paid	<u>2,347,502</u>



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17. Related Party Note

17.1 Related Party Transactions

Ervia is the ultimate parent undertaking of Gaslink. On 1st August, all assets, liabilities, rights and licenses of Gaslink as detailed in note 16 were transferred to Ervia by way of a dividend amount of €2,347,502 as part of the Network Transfer Plan. Subsequently Ervia transferred its assets and liabilities to, Gas Networks Ireland, Ervia being its immediate parent. The Gaslink trade was transferred to Gas Networks Ireland on 1st August 2015 as part of the Network Transfer Plan. No fees were payable to Ervia in respect of Service Level Agreements by Gaslink Independent System Operator DAC in 2016 (2015: €350,000).

17.2 Revenue

	<i>Year ended</i> <i>31 December 2016</i>	<i>Year ended</i> <i>31 December 2015</i>
	€	€
CER allowed revenue from Ervia	-	2,307,662
	-	2,307,662

17.3 Balances with Related Parties

	<i>31 December 2016</i>	<i>31 December 2015</i>
	€	€
Opening balance as at 1 January	1	2,139,092
Payments to Ervia	-	847,547
Cash received from Ervia	-	(1,951,443)
Balance transferred to Ervia	-	(1,035,195)
<i>Amounts owed from group companies</i>	<i>1</i>	<i>1</i>

17.4 Interests of Board Members and Secretary

None of the Board Members or the Company Secretary had any interests in the Company during the financial year or at financial year end. The internal directors (E. Nyhan and S. Casey) and the Company Secretary were the only members of the Company who held a beneficial interest in the ultimate parent through their participation in the Ervia Employee Share Ownership scheme. The details of this scheme are included in the Ervia Annual Report for the financial year ended 31 December 2016.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17.5 Compensation of Key Management

The remuneration of directors and other members of key management personnel during the financial year were as follows:

	<i>Year ended</i> <i>31 December 2016</i> €	<i>Year ended</i> <i>31 December 2015</i> €
Salaries & short-term benefits	-	121,950
	-	121,950

The key management compensation amounts disclosed above represent compensation to those people having the authority and responsibility for planning, directing and controlling the activities of Gaslink. Included in the balance are salaries and other short term employee benefits including pension costs.

18. Notes to the Statement of Cash flows

Change in trade and other receivables

	<i>31 December 2016</i> €	<i>1 August 2015³</i> €
Prepayments & other balances	-	(12,620)
Amounts owed from group companies	-	(176,612)
	-	(189,232)

Change in Trade and Other Payables

	<i>31 December 2016</i> €	<i>1 August 2015³</i> €
Trade and other payables – not financing activities	-	(151)
Amounts owed to group companies	-	1,280,507
	-	1,280,356

³ Movement to 1 August shown as comparative, all balances were transferred to Ervia on this date.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. Notes to the Statement of Cash flows (cont'd)

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in bank. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

	31 December 2016	1 August 2015
	€	€
Net cash generated from operating activities	-	167,969
Increase in amounts to group companies and trade and other payables	-	1,280,356
Transfer of cash to parent company	=	(1,568,099)
Net decrease in cash and cash equivalents	-	(119,774)
Cash and cash equivalents at 31 December	-	-

Cash of €1,568,099 was transferred to Ervia on 1st August 2015.

19. Events After the Reporting Period

There have been no events, including the decisions referred to in the Report of the Directors, between 31st December 2016 and the date on which the financial statements were approved by the Directors, which would require adjustment to the financial statements or any additional disclosures.

20. Approval of Financial Statements

The financial statements were approved and authorised for issue on 27/09/2017.

