

ESP Networks Limited

Report and Financial Statements

Year Ended

31 December 2019

Registered number 02865198

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ESP Networks Limited

Report and financial statements for the year ended 31 December 2019

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Directors

N J Clark
P Miles
A Miller
K O'Connor
V Spiers

Secretary and registered office

Beach Secretaries Limited, 1st Floor, Bluebird House, Mole Business Park, Leatherhead, KT22 7BA

Company number

02865198

Auditor

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

ESP Networks Limited

Directors' report and Statement of Directors' responsibilities for the year ended 31 December 2019

Principal activities

The Company is engaged in the business of independent gas transportation and metering services to gas shippers throughout mainland UK.

Directors

The directors of the Company throughout the year were:

N J Clark
T W Butler (resigned 31 May 2019)
P Miles (appointed 21 January 2019)
A Miller (appointed 17 September 2019)
K O'Connor
V Spiers
S Williams (resigned 17 September 2019)

Disclosure of information to Auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Review of the business

The statement of comprehensive income is set out on page 6 and shows turnover for the period of £578,299 (2018: £855,589) and profit for the period of £256,801 (2018: £540,303).

Dividends of £1,400,000 were declared and paid during the year (2018: £nil).

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 accounting estimates that are reasonable and prudent;
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ESP Networks Limited

Directors' report and statement of Directors' responsibilities for the year ended 31 December 2019 (*continued*)

Covid-19 Update and Going Concern

As a transporter of gas to predominantly domestic properties the Directors' assessment is that Covid-19 will not have a significant impact on either the income or costs of the Company.

- All Company revenues are regulated and have continued to be received without interruption.
- All ongoing business has continued as usual, and the Company was able to switch to 100% remote working without any detriment to the service delivered.
- The Company has adequate cash reserves, increased from £477,000 at year end to £574,000 as at 31 March 2020.
- The Directors have evaluated the potential financial and operational impact of Covid-19 as a result of any uncertainty surrounding the ability of customers to meet regulated payment terms through detailed scenario analysis as a Group at Zoom Holding Limited level.

The Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future and have prepared the financial statements on a going concern basis as set out in note 1.

Auditor

A resolution to reappoint BDO LLP will be proposed at the next Annual General Meeting.

Small Companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

For and on behalf of the Board



P Miles
Director

Date: 13 MAY 2020

ESP Networks Limited

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ESP NETWORKS LIMITED

Opinion

We have audited the financial statements of ESP Networks Limited ("the Company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

ESP Networks Limited

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ESP NETWORKS LIMITED (CONT)

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemptions in preparing the Directors report and from the requirements to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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.

Auditor's responsibilities for the audit of the financial statements

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

ESP Networks Limited

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ESP NETWORKS LIMITED (CONT)

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

BDO LLP

Anna Draper (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK

Date : 13 May 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ESP Networks Limited

Statement of comprehensive income for the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	578,299	855,589
Operating Costs		(308,423)	(299,771)
		<hr/>	<hr/>
Operating profit	4	269,876	555,818
Profit on ordinary activities before taxation		269,876	555,818
		<hr/>	<hr/>
Taxation on profit on ordinary activities	5	(13,075)	(15,515)
		<hr/>	<hr/>
Profit for the financial year and total comprehensive income for the year		256,801	540,303
		<hr/>	<hr/>

The notes on pages 9 to 17 form part of these financial statements.

ESP Networks Limited

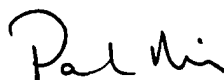
Balance sheet at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	7		1,497,546		1,546,304
Current assets					
Debtors	8	2,676,588		3,240,807	
Cash at bank and in hand		476,712		989,842	
		<u>3,153,300</u>		<u>4,230,649</u>	
Creditors: amounts falling due within one year	9	<u>(1,576,043)</u>		<u>(1,579,723)</u>	
Net current assets			<u>1,577,257</u>		<u>2,650,926</u>
Total assets less current liabilities			<u>3,074,803</u>		<u>4,197,230</u>
Creditors: amounts falling due after more than one year	10		(82,089)		(74,392)
Provisions for liabilities	11		(56,684)		(43,609)
Net assets			<u>2,936,030</u>		<u>4,079,229</u>
Capital and reserves					
Called up share capital	12		2		2
Profit and loss account			<u>2,936,028</u>		<u>4,079,227</u>
			<u>2,936,030</u>		<u>4,079,229</u>

These statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors and authorised for issue on 13 May 2020 and were signed on its behalf by:

P Miles
Director



The notes on pages 9 to 17 form part of these financial statements.

ESP Networks Limited
Statement of changes in equity
for the year ended 31 December 2019

	Share capital 2019 £	Profit and loss account 2019 £	Total equity 2019 £	Share capital 2018 £	Profit and loss account 2018 £	Total equity 2018 £
1 January	2	4,079,227	4,079,229	2	3,538,924	3,538,926
Comprehensive income for the year						
Profit for the year	-	256,801	256,801	-	540,303	540,303
Total comprehensive income for the year	-	256,801	256,801	-	540,303	540,303
Contributions by and distributions to owners						
Dividends	-	(1,400,000)	(1,400,000)	-	-	-
Total contributions by and distributions to owners	-	(1,400,000)	(1,400,000)	-	-	-
31 December	2	2,936,028	2,936,030	2	4,079,227	4,079,229

The notes on pages 9 to 17 form part of these financial statements.

ESP Networks Limited

Notes forming part of the financial statements for the year ended 31 December 2019

1 Accounting policies

ESP Networks Limited is a private company, limited by shares, incorporated in England & Wales under the Companies Act.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

Basis of preparation

Disclosure exemptions

In preparing the financial statements of the Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the Company;
- Disclosures in respect of the Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Company as their remuneration is included within E.S. Pipelines Limited as a whole.

Going concern

The financial statements have been prepared on a going concern basis.

In light of the Covid-19 pandemic and any potential negative impact on the Company, the Directors have considered and reviewed projections and cash flow forecasts that cover the period to twelve months from the date of approval of these financial statements. In addition, stress cash flows have been prepared at Zoom Holding Limited level to assess the expected impact of Covid-19. The Directors have evaluated the potential financial and operational impact of Covid-19 as a result of any uncertainty surrounding the ability of customers to meet regulated payment terms and a reduction in new connections through detailed scenario analysis. As a transporter of gas to predominantly domestic properties the Directors' assessment is that Covid-19 will not have a significant impact on either the income or costs of the Company.

In addition, the Company has adequate cash reserves, increased from £477,000 at year end to £574,000 as at 31 March 2020.

Based on this, the Company will have adequate resources to continue in operational existence for the foreseeable future. On this basis the Directors believe it is appropriate to present the accounts on the going concern basis.

The following principal accounting policies have been applied:

Turnover

Turnover represents the amount (excluding value added tax) derived from the provision of gas transportation and measurement for gas suppliers during the period. Income from the transport of gas through the Company's pipelines is recognised on the basis of actual or estimated volumes delivered in the financial period and rental income of metering equipment is recognised for rental periods covered by the financial statements. Turnover arises solely within the United Kingdom.

ESP Networks Limited

Notes forming part of the financial statements for the year ended 31 December 2019

1 Accounting policies

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

a) Depreciation

Depreciation is calculated so as to write off the cost of fixed assets to their estimated residual value by equal instalments over their estimated useful lives as follows:

Gas networks	60 years
Meters	20 years
Prepayment meters	10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

b) Third party contributions

Contributions, from owner-occupiers of premises, which partly offset the capital expenditure on the infill networks, are received at the time of initial connection. These receipts are treated as deferred income that reduces the depreciation charge to the statement of comprehensive income over the useful life of the related assets.

Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit ("CGU") to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flow (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

ESP Networks Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Current and deferred taxation (continued)

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have enacted or substantively enacted by the reporting date.

Financial Assets

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Reserves

The Company's reserves are as follows:

- Called up share capital represents the nominal value of shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

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

In preparing these financial statements, the Directors have made the following judgements:

- Determine whether there are indicators of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

ESP Networks Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

- Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and industry trends are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3 Analysis of Turnover

	2019 £	2018 £
Analysis by class of business:		
Gas transportation	509,800	680,013
Gas metering	68,499	175,576
	<u>578,299</u>	<u>855,589</u>

The Company's revenue is generated in the United Kingdom (excluding Northern Ireland).

4 Operating profit

	2019 £	2018 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	67,263	88,515
Release of deferred income on third party contributions	(1,510)	(1,410)
Auditor's remuneration	2,400	1,232
	<u>68,153</u>	<u>88,337</u>

The Directors, the only employees of the Company, received no remuneration for the services to the Company (2018: £nil).

ESP Networks Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

5 Taxation on profit on ordinary activities

	2019 £	2019 £	2018 £	2018 £
<i>UK corporation tax</i>				
Current tax on profits of the year		-		-
Adjustment in respect of previous periods		-		-
Total current tax		-		-
<i>Deferred tax</i>				
Deferred tax current period	14,613		15,515	
Effect of changes in tax rate	(1,538)		-	
		13,075		15,515
Total tax charge / (credit)		13,075		15,515

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below.

<i>Tax reconciliation</i>	2019 £	2018 £
Profit on ordinary activity before tax	269,876	555,818
Current tax at 19% (2018: 19%)	51,276	105,605
Effects of:		
Prior year adjustment – current tax	-	-
Group relief claimed for nil consideration	(36,663)	(88,266)
Effect of difference in deferred tax rates	(1,538)	(1,824)
Total tax charge/(credit)	13,075	15,515

6 Dividend

	2019 £	2018 £
Ordinary shares		
Paid £700,000 (2018: £nil) per share	1,400,000	-

ESP Networks Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

7 Tangible fixed assets

	Networks £	Meters £	Total £
<i>Cost</i>			
At 1 January 2019	1,845,323	710,424	2,555,747
Additions	18,505	-	18,505
Disposals	-	(91,434)	(91,434)
	<hr/>	<hr/>	<hr/>
At 31 December 2019	1,863,828	618,990	2,482,818
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2019	591,492	417,951	1,009,443
Provision for year	45,034	22,229	67,263
Disposals	-	(91,434)	(91,434)
	<hr/>	<hr/>	<hr/>
At 31 December 2019	636,526	348,746	985,272
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2019	1,227,302	270,244	1,497,546
	<hr/>	<hr/>	<hr/>
At 31 December 2018	1,253,831	292,473	1,546,304
	<hr/>	<hr/>	<hr/>

The PP loan notes in a group undertaking, ESPUG Finance Limited, are secured by an All Assets charge over the assets of the Group, including those of ESP Networks Limited.

8 Debtors

	2019 £	2018 £
Trade debtors	54,829	77,625
Amounts owed by Group undertakings	2,604,246	3,103,525
Prepayments and accrued income	17,513	16,750
Deposits	-	42,907
	<hr/>	<hr/>
	2,676,588	3,240,807
	<hr/>	<hr/>

All debtors are due within one year.

ESP Networks Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

9 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	17,162	14,136
Other creditors	18,030	28,343
Group relief payable to fellow subsidiaries	1,476,841	1,476,841
Accruals and deferred income	64,010	60,403
	<u>1,576,043</u>	<u>1,579,723</u>

10 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Deferred income	82,089	74,392

The deferred income relates to contributions, from owner-occupiers of premises, partly to offset the capital expenditure on the infill networks, which are received at the time of initial connection. These receipts are released to the statement of comprehensive income account, as a reduction in the depreciation charge, over the useful life of the related assets.

11 Provisions for liabilities

	Deferred taxation 2019 £	Deferred taxation 2018 £
At 1 January	43,609	28,094
Charged/(credited) to profit or loss	13,075	15,515
	<u>56,684</u>	<u>43,609</u>
At 31 December	56,684	43,609

It is estimated that deferred tax liabilities arising on fixed assets will not reverse in the next accounting period.

Deferred tax liabilities

	2019 £	2018 £
Difference between accumulated depreciation and amortisation and capital allowances	56,684	43,609

ESP Networks Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

12 Share capital

	2019 £	2018 £
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2

13 Immediate and ultimate holding company and parent undertaking of larger group

The Company's immediate holding company is E.S. Pipelines Limited, a Company registered in England. The Company's ultimate holding company is Zoom Holding Limited, a Company registered in England and Wales. The Company is ultimately controlled by 3i MIA LP, an English limited partnership, which is managed by 3i Investments plc. 3i Investments plc is wholly owned by 3i Group plc. The general partner of 3i MIA LP is 3i Managed Infrastructure GP (2017) LLP.

The largest group in which the results of the Company are consolidated is that headed by Zoom Holding Limited. The smallest group in which the results of the Company are consolidated is that headed by ESP Utilities Group Limited. Copies of these consolidated financial statements are available from Companies House.

14 Post Balance Sheet event

Covid-19 outbreak

On 11 March 2020, the World Health Organization raised the public health emergency caused by the coronavirus outbreak (COVID-19) to an international pandemic. The rapid national and international developments represent an unprecedented health crisis, which will impact the macroeconomic environment and business developments.

As a transporter of gas within the UK the Company's ongoing business has continued without interruption during the lockdown within the UK. The Company has continued to provide uninterrupted energy to homes and businesses, adapting working practises while maintaining our commitment to providing the very best service.

The government has recognised those who work to keep the UKs energy networks connected as key workers. Along with others providing essential services at this time, we are prioritising safety measures along with continuity of supply and looking after those most vulnerable.

The COVID-19 crisis is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2019.

Due to the complexity of the situation and its fast evolution, it is not possible at this time to make a reliable quantified estimate of the potential impact on the Company, which will be recognised prospectively in the 2020 financial statements. The Company has increased its cash balance from £477,000 as at 31 December 2019 to £574,000 as at 31 March 2020.

ESP Networks Limited

**Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)**

14 Post Balance Sheet event (continued)

Covid-19 outbreak (continued)

The Directors continue monitoring the business and taking appropriate steps to address the situation and reduce its operational and financial impact. After reviewing alternative scenarios, the current cash resources, forecasts and budgets, timing of cash flows, borrowing facilities at Zoom Holding Limited level, and considering the associated uncertainties to the Company's operations, the Directors have a reasonable expectation that the Company has adequate resources to continue operating in the foreseeable future. Accordingly, the financial statements continue to be prepared on a going concern basis (see Note 1).

All the above were considered in the assessment of the impact of COVID-19 in the 2020 operations for which an inherent uncertainty exists given the current facts and circumstances at the date of preparation of these financial statements. ESP Networks Limited operates a closed book of connections on completed networks, and as such the overall conclusion is that there will be little impact on the Company given the current facts and circumstances does not cast a material uncertainty about the ability of the Zoom Holding Limited Group to continue as a going concern which is the assumption used for the preparation of these financial statements as per Note 1.