Energy Networks Association Limited

Annual Report and Financial Statements

For the year ended 31 December 2018

Company Registration No. 04832301 (England and Wales)

Energy Networks Association Limited

Company Information

Directors	Graham Edwards	
	Peter Emery	
	Mark Horsley	
	Stephen Hurrell	(Appointed 4 March 2019)
	Philip Jones (Chairman)	
	Clive Eric Linsdell	
	Frank Mitchell	
	John Morea	
	Colin Clarke Nicol	
	Basil Scarsella	
	Nicola Shaw	(Appointed 27 February 2019)
	David Mark Smith (Chief Executive Officer)	
	Paul Stapleton	(Appointed 30 April 2018)
	Philip Swift	(Appointed 30 November 2018)
Secretary	Ms A Heath	
Company number	04832301	
Registered office	4 More London Riverside London SE1 2AU	
Auditor	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD	
Solicitors	RadcliffesLeBrasseur 85 Fleet Street London EC4Y 1AE	

Energy Networks Association Limited

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Energy Networks Association Limited

Strategic Report

For the year ended 31 December 2018

The directors present the strategic report for the year ended 31 December 2018.

Principal Activity
Energy Networks Association (ENA) exists to protect and further the interests of its members who are the licensed gas and electricity transmission and distribution operators in the UK and Ireland. It promotes these interests across the governments, agencies, assemblies and local authorities throughout the UK and Ireland. It also works closely across Europe working directly with the institutions of the European Union and through various international bodies.

Membership is open to all owners and operators of licenses for transmission and/or distribution of electricity and/ or gas in the UK and Ireland.

Business Review
The move to new offices at London Bridge from Westminster was completed in March 2018. The new offices have played host to a number of cross industry meetings facilitating the policy and work programmes of both the Government and Ofgem. The design of the offices allows for the opportunity to host meetings for wide numbers of stakeholders across the sector.

ENA continues to play a key facilitative role for the work programmes and policy priorities of both Government and its agencies principally Ofgem. These include the Open Networks Project, cross-industry dialogue with Ofgem on the RIIO2 price control process and the Significant Code Review.

ENA and its members have continued to support the UK Electricity industry in preparing for the implementation of the EU Network Codes with the development of new UK standards and codes. ENA has continued to provide the Distribution Code Administration function on behalf of its members and continues to provide support to the Distribution Code Review Panel. ENA continues to be actively involved in the development of European and international electricity standards working closely with IEC, CENELEC and BSI standards.

ENA's Open Networks Project was launched in 2017 as a response to the need for the energy networks to be able to facilitate a smarter and more flexible energy system. It is a major industry initiative that will transform the way that both distribution and transmission network operators will operate and work for customers. It brings together ENA members with respected academics, government departments and Ofgem. The project has 4 work streams which have delivered 30 products. These are designed to support the transition to a distribution system operator (DSO), develop flexibility services, facilitate a whole electricity system, improve customer information provision and connections and define and facilitate a whole energy system approach.

As part of this project ENA has also brought together a wide group of organisations representing the renewable sector, customer groups, unions, the wider energy industry and community energy groups. This includes an Advisory Group of 50 representatives, 300 participants at events held at ENA and Parliament as well as a series of webinars.

A main focus in 2018 was developing the Future Worlds, 5 scenarios for a DSO transition which attracted 50 detailed responses from across the industry. ENA also produces a quarterly Open Networks Project newsletter which reached over 500 people.

ENA has set up the Significant Code Review (SCR) for Ofgem and is managing delivery and its organisation with the support of ENA members. The SCR was launched by Ofgem in December 2018 with the objective of ensuring electricity networks are used efficiently and flexibly, reflecting users' needs and allowing consumers to benefit from new technologies and services while avoiding unnecessary costs on energy bills in general. The SCR flows from the BEIS & Ofgem 'Plan for a Smart, flexible energy system' which requires providing users with better signals about the costs and benefits they incur on the network at a particular time and place as a priority area to address.

An SCR Delivery Group has been established and is responsible for setting the SCR work programme which has now commissioned three Sub-Delivery groups to lead work on network cost drivers, access arrangements and locational charging. These are all being delivered by ENA.

ENA is involved in the development of understanding and strategy on how to address resilience in network management. It is engaged extensively with interest groups including Energy Research Partnership which it supported and advised on their report on resilience "Future Resilience of the UK Electricity System" issued in November 2018 and is currently working with National Infrastructure Commission resilience group and Climate Change Committee on interdependencies. It is involved in government and regulator engagement on reviews of UK plc resilience, provides the secretariat on the Government's E3C Electricity Task Group and participates in E3C and E3C Blackstart groups reviewing and addressing resilience and emergency response in network management. It provides technical and strategic links between internal and external groups and members as well as leading the Energy industry response to DEFRA's call for 3rd round Climate Change Adaptation reporting due for completion December 2021.

ENA continues to lead the discussion on a Whole System approach to our energy system. This is underpinned by a wide number of ENA groups working across the gas and electricity membership and focussing on Whole System themes, particularly in the heat, transport and regulatory area.

ENA continues to lead the debate on the future role of gas speaking at events, working with governments and other stakeholders to provide information and evidence and hosting events with Ministers, key Parliamentarians, NGOs and other industries and their trade bodies.

As part of underpinning this debate ENA has established the Gas Decarbonisation Pathways Project. Its purpose is to set out a clear vision for the delivery of decarbonised gas within the energy system to meet UK strategic goals including decarbonisation and industrial competitiveness. It is designed to show that only gas networks can drive the level of change needed, and the place of networks in delivering for their communities, to demonstrate the deliverability of low cost, low carbon gas networks. As part of the Pathways Project experts have been engaged to prepare a detailed analysis of pathways to a low carbon future, vital if we are to address the challenge of heat decarbonisation. This includes stakeholder workshops and detailed scrutiny by the industry.

Alongside the Pathways project, ENA are supporting the Hydrogen Transformation Group. This has been set up to coordinate network activity specifically around the delivery of a 100% hydrogen conversion. The group includes all networks, BEIS & Ofgem. The Gas Pathways Project and Hydrogen Transformation Project form the two pillars of ENA's gas decarbonisation work from which flow the technical/policy/regulatory workstreams to make the changes that will be identified as needed.

ENA oversee the 105 single emergency number on behalf of the DNOs. It is now being used by up to 70% of callers in some areas. This has been supported by the successful ENA led Winter Awareness campaign of 2018/19. Significant storms this winter have seen the service perform without incident.

ENA runs the Powering Improvement cross industry initiative which is the electricity industry's health and safety strategy. The theme for 2018/19 are Human and Organisational Factors. This will be the key focus for the ENA SHE Management Conference in May 2019 in Reading. This followed the successful 2018 Conference in Newcastle attended by nearly 160 delegates.

ENA has commissioned a Human Factors Review into the roles and responsibilities of Senior Authorised Persons and Competent Persons and how persons in these roles interact when operating to complete work on electrical systems. The work will involve a series of employee workshops leading to a report setting out opportunities the industry has to improve the utilisation of the skills of these two key roles and how they interact, accompanied by the development of good practice standards.

In 2019, ENA are providing secretariat and support for the National HESAC bringing together the electricity industry, HSE and the Trades Unions. National HESAC continues to determine those health and safety issues that require collective consideration and discussion at a national level, which in turn will help shape its future work programme and priorities for the networks.

On public safety ENA continue to run the successful 'Look Out, Look Up' campaign to raise awareness of the risks of overhead power lines, especially in light of rising numbers of public incidents. The aim is to increase understanding of how to work safely in the vicinity of overhead lines, and to encourage people to recognise 105 as the national number for reporting power emergencies; the film and campaign material remains available on the ENA campaign website. The campaign has now entered its second phase with a film focussing on the Agriculture, Construction and Road Haulage sectors. It will be launched in summer 2019, once again accompanied by a publicity and communications campaign.

Work on revising and rationalising ENA's suite of 21 public safety leaflets has also been completed and the new guidance material is available on the ENA website; the leaflets and supporting information have been simplified and focus more on visual imagery and key safety messages for key target sectors.

ENA has carried out a range of work with its gas members, supporting over 20 working groups as well as the National Gas Incident Site. These cover a wide group of areas including safety, regulation, customer service and technical standards. ENA also continues to lead the sector on facilitating a policy and regulatory environment to enable greater levels of renewable gas in our network.

ENA continues to act as the hub for collective discussions with the energy regulator Ofgem. This work focuses on various aspects of the price control cycle from close out of previous price controls to preparations for future ones. 2018/19 has seen a vast amount of work on cross sector regulatory issues for the first time as the RIIO2 price control process has developed a suite of common themes across transmission and distribution and gas and electricity. This has resulted in ENA joint responses to various Ofgem consultations. A particular area for ENA coordinated activity has been around finance-ability with a high frequency of weekly meetings involving Ofgem and key industry experts.

As the Government proceeds with decarbonisation of transport, ENA has been leading work in this area working with members on various projects to model different scenarios and their effect on the networks. This has involved being active participants in the Government appointed Electric Vehicles Energy Taskforce, including running one of the principal work programmes. A number of its meetings have taken place at ENA.

On innovation, ENA published for the second year the joint Gas and Electricity Network Innovation Strategies which set out how innovation by the networks is delivering for customers and enabling the decarbonisation of the energy system. ENA also runs the Network Innovation Collaboration Portal to showcase the range of projects by ENA members to support and facilitate innovation and encourage new ideas. This is further enhanced by the annual Low Carbon Networks and Innovation Conference run by ENA. Last year's event in October 2018 in Telford had 1,026 registrants and 50 exhibitors.

Financial KPI

ENA is a not for profit trade association, in order to provide services to its members at cost, which aims to balance its annual budget by breaking even.

Annual surpluses are transferred to reserves which are maintained to cover variability of income of up to 20% (£1,975,000); to provide for short term opportunities/requirements during the year and to fund short term deficits which may arise from time to time.

Principal Risks and Uncertainties

The maintenance of sufficient membership fees and reserves are the principal risks and uncertainties associated with company. The company is mainly funded by its members and, as with any membership organisation, is at risk by default.

The current uncertainty surrounding the terms of the UK's departure from the European Union remains a risk.

Changes to law and regulations

The company is potentially at risk in relation to significant changes made to the operation and regulation of the energy industry.

On behalf of the board

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Philip Jones (Chairman)

Director

10 June 2019

Date

The directors present their annual report and financial statements for the year ended 31 December 2018. Energy Networks Association Limited (ENA) is a company limited by guarantee, not having a share capital, and was incorporated on 14 July 2003.

Members of ENA as of 01 January 2019

Brookfield Utilities UK (Trading as GTC)
Cadent Gas Limited
Chubu Electric Power Co. Inc.
Electricity Engineers' Association
Electricity North West Limited
ESB Networks
Guernsey Electricity
Heathrow Airport
Jersey Electricity
Manx Utilities
Mutual Energy
National Grid Group plc
Northern Gas Networks Limited
Northern Powergrid Holdings Company
Northern Ireland Electricity Networks Limited
Scottish Power Limited
SGN
Scottish and Southern Electricity Networks
TEPCO
UK Power Networks
Wales & West Utilities Limited
Western Power Distribution plc

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Graham Edwards	
Peter Emery	
Mark Horsley	
Stephen Hurrell	(Appointed 4 March 2019)
Philip Jones (Chairman)	
Clive Eric Linsdell	
Frank Mitchell	
John Morea	
Colin Clarke Nicol	
Padraic Martin O'Connell	(Resigned 28 June 2018)
Basil Scarsella	
Nicola Shaw	(Appointed 27 February 2019)
David Mark Smith (Chief Executive Officer)	
Robert Symons (Chairman)	(Deceased 7 November 2018)
Nicholas Tarrant	(Resigned 27 April 2018)
Christopher Train	(Resigned 15 February 2019)
Paul Stapleton	(Appointed 30 April 2018)
Philip Swift	(Appointed 30 November 2018)

Results
The results for the year are set out on page 11.

Auditor
The auditor, Kingston Smith LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor
So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

....
Philip Jones (Chairman)
Director
Date: 10 JUNE 2019

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 surplus or deficit 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.

Independent Auditor's Report

To the Members of Energy Networks Association Limited

Opinion

We have audited the financial statements of Energy Networks Association Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and 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 FRS 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 2018 and of its surplus 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.

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 our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have 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 Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors

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 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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.

Kingston Smith LLP

Andrew Stickland (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP

2 September 2019

Chartered Accountants
Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Energy Networks Association Limited

Statement of Comprehensive Income

For the year ended 31 December 2018

	Notes	2018 £	2017 £
Income		9,874,879	11,266,716
Cost of sales		(7,692,324)	(9,840,288)
Gross surplus		2,182,555	1,426,428
Administrative expenses		(2,138,156)	(1,584,280)
Operating surplus/(deficit)	3	44,399	(157,852)
Interest receivable and similar income	7	5,514	852
Interest payable and similar expenses	8	(16,370)	(7,839)
Surplus/(deficit) before taxation		33,543	(164,839)
Taxation		-	-
Surplus/(deficit) for the financial year		33,543	(164,839)

The Income and Expenditure Account has been prepared on the basis that all operations are continuing operations.

Energy Networks Association Limited

Balance Sheet

As at 31 December 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	9		1,174,606		817,665
Investments	10		1		1
			1,174,607		817,666
Current assets					
Debtors	12	3,146,026		2,842,558	
Cash at bank and in hand		1,564,620		2,007,063	
		4,710,646		4,849,621	
Creditors: amounts falling due within one year	14	(3,405,756)		(3,303,833)	
Net current assets			1,304,890		1,545,788
Total assets less current liabilities			2,479,497		2,363,454
Creditors: amounts falling due after more than one year	15		(420,000)		(560,000)
Provisions for liabilities	17		(222,500)		-
Net assets			1,836,997		1,803,454
Reserves					
Income and expenditure account			1,836,997		1,803,454

The financial statements were approved by the board of directors and authorised for issue on 10 June 2019 and are signed on its behalf by:

....

Philip Jones (Chairman)
Director

Company Registration No. 04832301

Statement of Changes in Equity

For the year ended 31 December 2018

	Income and expenditure account £
Balance at 1 January 2017	1,968,293
Year ended 31 December 2017:	
Loss and total comprehensive income for the year	(164,839)
Balance at 31 December 2017	1,803,454
Year ended 31 December 2018:	
Profit and total comprehensive income for the year	33,543
Balance at 31 December 2018	1,836,997

Energy Networks Association Limited

Statement of Cash Flows

For the year ended 31 December 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	22		230,299		(1,265,018)
Interest paid			(16,370)		(7,839)
Net cash inflow/(outflow) from operating activities			213,929		(1,272,857)
Investing activities					
Purchase of tangible fixed assets		(521,886)		(794,717)	
Interest received		5,514		852	
Net cash used in investing activities			(516,372)		(793,865)
Financing activities					
Repayment of borrowings		(140,000)		-	
Receipt of borrowings		-		700,000	
Net cash (used in)/generated from financing activities			(140,000)		700,000
Net decrease in cash and cash equivalents			(442,443)		(1,366,722)
Cash and cash equivalents at beginning of year			2,007,063		3,373,785
Cash and cash equivalents at end of year			1,564,620		2,007,063

1 Accounting policies

Company information

Energy Networks Association Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is 4 More London Riverside, London, SE1 2AU.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable for goods and services and membership subscriptions net of VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Subscription income is recognised over the period to which it relates, any amount received in advance being deferred.

Recharges are recognised over the life of the project as costs are incurred.

1 Accounting policies (Continued)

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Any assets under £500 are expensed. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	10% straight line
Plant and machinery	25% straight line
Fixtures, fittings & equipment	10 - 25% straight line
Computer equipment	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the profit and loss account.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Accounting policies **(Continued)**

Basic financial assets
Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets
Financial assets, other than those held at fair value through surplus and deficit, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in surplus or deficit.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in surplus or deficit.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1 Accounting policies (Continued)

1.8 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in surplus or deficit in the period in which it arises.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.11 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Operating surplus/(deficit)

	2018	2017
Operating surplus/(deficit) for the year is stated after charging/(crediting):	£	£
Depreciation of owned tangible fixed assets	164,945	67,289

4 Auditor's remuneration

	2018	2017
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company - current year	14,800	14,350
	14,800	14,350
For other services		
Taxation compliance services	675	650
All other non-audit services	-	500
	675	1,150

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was: 37 (2017: 34).

	2018 Number	2017 Number
Employees	37	34

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	1,927,820	1,751,265
Social security costs	216,962	197,026
Pension costs	337,438	288,746
	2,482,220	2,237,037

Remuneration of key management personnel

The remuneration of key management personnel consists of the Chief Executive, Director of Corporate Services and Company Secretary, Director of Policy and Gas and Director of Operations and Safety, Health and Environment and is as follows.

	2018	2017
	£	£
Aggregate compensation	567,358	571,682

6 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	196,135	190,422
Company pension contributions to defined contribution schemes	25,492	24,750
	221,627	215,172

The above figures have been included in the remuneration of key management personnel disclosure in note 5.

7 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	5,514	852

Investment income includes the following:

Interest on financial assets not measured at fair value through surplus or deficit	5,514	852

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	16,370	7,839

9 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2018	1,056,646	101,807	232,304	160,175	1,550,932
Additions	418,968	-	71,498	31,420	521,886
Disposals	(312,023)	-	(167,141)	(128,086)	(607,250)
At 31 December 2018	1,163,591	101,807	136,661	63,509	1,465,568
Depreciation and impairment					
At 1 January 2018	312,023	101,807	175,168	144,269	733,267
Depreciation charged in the year	114,373	-	34,057	16,515	164,945
Eliminated in respect of disposals	(312,023)	-	(167,141)	(128,086)	(607,250)
At 31 December 2018	114,373	101,807	42,084	32,698	290,962
Carrying amount					
At 31 December 2018	1,049,218	-	94,577	30,811	1,174,606
At 31 December 2017	744,623	-	57,136	15,906	817,665

10 Fixed asset investments

	Notes	2018	2017
		£	£
Investments in joint ventures	11	1	1

Movements in fixed asset investments

	Shares in group undertakings and participating interests
	£
Cost or valuation	
At 1 January 2018 & 31 December 2018	1
Carrying amount	
At 31 December 2018	1
At 31 December 2017	1

11 Joint ventures

Details of the company's joint ventures at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Joint Radio Company	UK	Other telecommunications activities	Ordinary B Share	50.00	50.00

The principal activity of JRC is the management of Radio spectrum used by the UK energy industry. The amounts given above are for JRC's signed accounts for the year ended 31 March 2018.

JRC is a joint venture between ENA and National Grid Plc. There are two classes of shares, A and B, that give equal rights. ENA holds the one B share which represents half of the total issued share capital.

12 Debtors

	2018	2017
Amounts falling due within one year:	**£**	**£**
Trade debtors	1,969,112	1,567,599
Other debtors	390,615	400,509
Prepayments and accrued income	786,299	874,450
	3,146,026	2,842,558

13 Financial instruments

	2018	2017
	£	**£**
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,359,727	1,912,179
Carrying amount of financial liabilities		
Measured at amortised cost	3,286,361	3,437,983

14 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Other borrowings	16	140,000	140,000
Trade creditors		655,815	1,042,056
Other taxation and social security		164,364	92,600
Deferred income		375,031	333,250
Other creditors		772,473	641,995
Accruals		1,298,073	1,053,932
		3,405,756	3,303,833

Included in other creditors is an amount of £32,921 relating to unpaid pension amounts (2017: £28,293).

Deferred income brought forward from 2017 of £333,250 was released in the year, £375,031 has been deferred in the year.

15 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Other borrowings	16	420,000	560,000

16 Loans and overdrafts

	2018 £	2017 £
Other loans	560,000	700,000
Payable within one year	140,000	140,000
Payable after one year	420,000	560,000

The loan is from Northmere Limited, a company under common ownership. The loan is repayable in annual instalments of £140,000 commencing 11 July 2018. The Interest on the loan is calculated as 2% above the Bank of England base rate (which currently stands at 0.75%).

17 Provisions for liabilities

	2018 £	2017 £
Dilapidations	222,500	-

17 Provisions for liabilities (Continued)

Movements on provisions:

	Dilapidations
	£
Additional provisions in the year	222,500
At 31 December 2018	222,500

As part of the Company's property leasing arrangements there is an obligation to return the property to an agreed condition at the end of the lease. The figure above is the estimated amount that will be due for dilapidations on expiration of the lease in 2027. The provision has been capitalised and will be written down over the length of the occupancy of the property.

18 Retirement benefit schemes

	2018	2017
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	337,438	288,746

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

20 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018	2017
	£	£
Within one year	529,550	94,870
Between two and five years	2,118,200	2,118,200
In over five years	1,765,167	2,294,717
	4,412,917	4,507,787

21 Related party transactions

The company received £3,340,858 (2017: £3,209,461) in annual subscriptions from the full members listed on page 2 to the accounts. £157,144 (2017: £153,691) from associates and £15,450 (2017: £15,450) from affiliates. These transactions were conducted on an arm's length basis and any amounts outstanding at the year end are cleared in the normal course of business. At the year end, there was £1,567,098 (2017: £1,230,795) due from full members included within trade debtors.

During the year, the company received £36,649 (2017: £63,636) from its joint venture, JRC, for services provided.

In 2017, the members of ENA agreed to pay the rent deposit for the company with the initial plan being that they would be reimbursed when the rent deposit was refunded. However, it was agreed by the members during the year that this creditor could be released and, as a result, £317,730 of income has been recognised in these financial statements.

22 Cash generated from operations

	2018 £	2017 £
Surplus/(deficit) for the year after tax	33,543	(164,839)
Adjustments for:		
Finance costs	16,370	7,839
Investment income	(5,514)	(852)
Depreciation and impairment of tangible fixed assets	164,945	67,289
Increase in provisions	222,500	-
Movements in working capital:		
(Increase)/decrease in debtors	(303,468)	1,085,889
Increase/(decrease) in creditors	60,142	(2,325,819)
Increase in deferred income	41,781	65,475
Cash generated from/(absorbed by) operations	230,299	(1,265,018)