

Energy Networks Association Limited

Annual Report and Financial Statements

For the year ended 31 December 2020



Company Registration No. 04832301 (England and Wales)

Energy Networks Association Limited

Company Information

Directors	Graham Edwards Peter Emery Steven Richard Fraser Mark Horsley Philip Jones (Chairman) Clive Eric Linsdell Robert McDonald (Appointed 14 January 2021) Frank Mitchell John Morea Basil Scarsella Lucy Nicola Shaw Fintan Slye (Appointed 12 March 2021) David Mark Smith (Chief Executive Officer) Paul Stapleton Philip Swift
Secretary	Ms A Heath
Company number	04832301
Registered office	4 More London Riverside London SE1 2AU
Auditor	Moore 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 2020

The directors present the strategic report for the year ended 31 December 2020.

Principal Activity

Energy Networks Association (ENA) exists to protect and further the interests of its members which are the licensed gas and electricity transmission and distribution operators in the UK and Ireland. It promotes these interests across governments, agencies, assemblies and local authorities. 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

ENA is the voice of the networks. The industry body for the companies which run the UK & Ireland's energy networks, keeping the lights on and gas flowing.

ENA continues to play a key facilitative role for the work programmes and policy priorities of both the government and its agencies, principally Ofgem. These include the Open Networks and Gas Goes Green projects, cross-industry dialogue with Ofgem on the RIIO-2 price control processes and the Significant Code Review.

RIIO-2

ENA has delivered a range of activities across a number of areas of the RIIO-2 programme. These include a suite of focused industry working groups to support the RIIO-2 processes and delivery of the government's legally binding target to deliver net-zero emissions by 2050. ENA has established clear industry positions reflected in responses to various Ofgem and BEIS consultations.

Access Significant Code Review

ENA has been central to delivery of Ofgem's Access Significant Code Review (SCR) providing Secretariat, organisational, planning and industry expertise. The SCR is key to giving full effect to the Department for Business, Energy and Industrial Strategy (BEIS) and Ofgem 'Plan for a Smart, flexible energy system' and the objective of ensuring energy networks are used efficiently and flexibly, reflecting users' needs and allowing consumers to benefit from new technologies and services while avoiding unnecessary costs. Ofgem is expected to publish a series of 'minded-to' decisions over the course of 2021.

Targeted Charging Review

ENA has co-ordinated and provided leadership for implementation of Ofgem's Targeted Charging Review. The two areas for reform are Residual Charges and Embedded Benefits. The changes will be implemented in stages, with reforms at distribution level being introduced in April 2022 and at the transmission level in April 2023.

Innovation and creating tomorrow's networks

Innovation continues to be a core focus for ENA and its members. As the government proceeds with incentivising the decarbonisation of transport, ENA and its members have been leading work in this area to model different scenarios and their effect on the energy networks. We have also been updating the connections process for electric vehicles (EVs) and heat pumps to make the process easier for customers. We have continued our involvement in the government-appointed Electric Vehicle Energy Taskforce and have also started participating in the government's new Electrification of Heat Taskforce.

Energy Networks Association Limited

Strategic Report (Continued)

For the year ended 31 December 2020

After the successful launch of the Innovation Strategies in March 2020, the innovation Team focussed on creating a new Energy Networks Innovation Process, to drive consistency and transparency in the end-to-end Innovation process for stakeholders. A piece of work to update the Smarter Networks Portal was then subsequently kicked-off, and the new site was launched in April 2021. The annual Energy Networks Innovation Conference (ENIC – formerly LCNI) was run in a digital format in November 2020 due to the Covid-19 pandemic. The event was very successful, with similar numbers of attendees and overall feedback scores in line with previous events but with a much wider international reach - circa 90 countries were represented in the digital audience. The success of the event and the continuation of the global pandemic into 2021 has led to ENIC 2021 also being held digitally.

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, innovation, digitalisation and regulatory areas. The Gas Goes Green and Open Networks projects were further aligned in 2020, including a joint workstream. The ENA Data Working Group was rebranded the Data and Digitalisation Steering Group (DDSG), which continues to assist the government and Ofgem to deliver the outputs of the Energy Data Taskforce (EDTF), and drive the digitalisation of the Networks in a consistent manner. This group continues to deliver a range of industry leading outputs, including a common data request process and the digital systems map recommendation of the EDTF, known as the Networks Energy System Map (NESM). ENA has also kicked off an internal data harmonisation project called Project Columbus.

ENA's Open Networks project is a major industry initiative that is transforming the way that both distribution and transmission network operators operate and work for customers. It brings together ENA members with respected academics, government departments and the energy regulator. In 2020, the project has continued to build on previous successes and has brought further momentum and transparency into the energy transition. With over 2.1GW of flexibility tendered in 2020, Open Networks has played a pivotal role in boosting local flexibility markets through its work including the development of a standard GB-wide contract for local flexibility services. Open Networks has continued to collaborate with the gas members and has delivered a whole system cost benefit analysis framework that has been recognised by Ofgem and incorporated into the RIIO-2 guidance.

Operating the networks

ENA oversees the electricity single emergency number (SEN) in Great Britain, which is accessed by dialling 105 and connects callers to their local network operator to report a power cut or other electricity emergency. Throughout 2020 ENA staff and member groups have worked with potential vendors to tender the new contract; in March 2021 the contract was awarded to the current incumbent on a 5 year basis with a one-off option to extend by 3 years ensuring continuity of service for a sustained period of time.

ENA successfully delivered responses to Actions 3 and 4 from the power outage on 9 August 2019 report from BEIS and aligned responses with Ofgem's report. While there is still further work required to ensure Generator compliance this will be taken forward with a specific ENA working group.

As well as managing electricity industry standards and providing technical guidance to network customers and generators ENA continues to work with government departments and regulators to highlight the impact of the replacement of the copper-wire PSTN network with fibre optics on the resilience of operational telecommunications networks and networks obligation to contact vulnerable customers.

ENA has also been working with BEIS and, in October, delivered a new cyber-security standard for network operators and new customer connections to ensure the continued security of the electricity network and supplies.

Energy Networks Association Limited

Strategic Report (Continued)

For the year ended 31 December 2020

Keeping you safe

ENA continues to work with members and other audiences to promote safe working practices for those within the industry as well as members of the general public.

Since 4 April 2020 and under the banner of Powering Improvement, 32 COVID-19 meetings have been held to address concerns of the four main electricity industry Trade Unions (Prospect, Unite, GMB and Unison) on how the industry was responding to the various challenges of COVID-19.

An ENA fatigue management task force was established with representatives from ENA and the Trade Unions. The task force has delivered an ENA position paper which addresses issues and concerns associated with excessive working hours and provides high level guidance to companies in the management of fatigue. The guidance represents a common framework to achieve this objective and ensure as a minimum that legal duties are met. It complements and is supported by more detailed company specific operational policies and procedures. The work of the task force is complete, and the final ENA Position Paper was approved by the ENA SHE Committee.

A new ENA polychlorinated biphenyl (PCB) strategy for the removal of PCBs from UK electricity networks assets by the end of 2025 has been developed and delivered. The strategy is supported by the UK regulators and member companies are now working to deliver the strategy.

Through the work of the ENA PCB Cohort Group the Environment Agency has published a new Regulatory Position Statement (RPS). The RPS allows the statistical modelling to be used to remove assets from the EA PCB register.

The Liaison Group also oversees the work of the Cohort Working Group and the ongoing statistical modelling analysis work. In July 2020 just over 30,000 pole-mounted 11kV transformers in Great Britain were submitted to the Environment Agency as clean transformers. As these transformers will not need to be replaced this resulted in an estimated cost saving to the UK electricity industry/customers of around £125 million. The cohort group continue to work towards a second submission to EA in July 2021.

ENA continues to produce award-winning safety content. The ENA Road Transport (2019) and Farming (2018) public safety videos have been shortlisted for awards at the International Media Festival for Prevention 2021 and will be shown in the Cinema of the International Media Festival for Prevention in Toronto in September 2021.

Energy Networks Association Limited

Strategic Report (Continued)

For the year ended 31 December 2020

Covid-19

Government guidance and Covid-19 legislation means that ENA's offices have remained closed to staff and members since March 2020, with all employees working from home during this period. Technology such as Microsoft Teams has enabled colleagues and members to continue to interact and meet virtually in order to conduct business. ENA has also supported its members with operational and communications planning in relation to the pandemic, such as resilience planning and engagement with customer groups through targeted social media campaigns. We do not anticipate returning to full-time office working post-pandemic, with a move more towards a hybrid working week where there is a mix of office- and home-based working. We continue to monitor government guidance and relevant legislation, and engage with the estate managers for ENA's office.

Financial KPI

ENA is a not for profit trade body set up 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 facilitate financial sustainability; to cover variability of income of up to 20% (£2,800,000); to provide for short term opportunities/requirements during the year and to fund short term deficits which may arise from time to time.

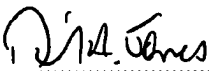
Principal Risks and uncertainties

The maintenance of sufficient membership fees and reserves are the principal risks and uncertainties associated with the company.

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



Philip Jones (Chairman)
Director

Date: 25 June 2021

Energy Networks Association Limited

Directors' Report

For the year ended 31 December 2020

The directors present their annual report and financial statements for the year ended 31 December 2020. 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 2021

BUUK Infrastructure
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
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
Steven Richard Fraser
Mark Horsley
Philip Jones (Chairman)
Clive Eric Linsdell
Robert McDonald (Appointed 14 January 2021)
Frank Mitchell
John Morea
Colin Clarke Nicol (Resigned 14 January 2021)
Basil Scarsella
Lucy Nicola Shaw
Fintan Slye (Appointed 12 March 2021)
David Mark Smith (Chief Executive Officer)
Paul Stapleton
Philip Swift

Results and dividends

The results for the year are set out on page 12.

Energy Networks Association Limited

Directors' Report (Continued)

For the year ended 31 December 2020

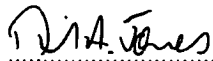
Auditor

The auditor, Moore 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: 28 June '21

Energy Networks Association Limited

Directors' Responsibilities Statement

For the year ended 31 December 2020

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.

Energy Networks Association Limited

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 2020 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 2020 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Energy Networks Association Limited

Independent Auditor's Report (Continued)

To the Members of Energy Networks Association Limited

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Energy Networks Association Limited

Independent Auditor's Report (Continued)

To the Members of Energy Networks Association Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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.

Energy Networks Association Limited

Independent Auditor's Report (Continued)

To the Members of Energy Networks Association Limited

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.

Moore Kingston Smith LLP

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

2 August 2021

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 2020

		2020 £	2019 £
	Notes		
Income		14,038,269	11,734,099
Cost of sales		(12,150,995)	(9,510,602)
Gross surplus		1,887,274	2,223,497
Administrative expenses		(1,535,298)	(2,024,989)
Operating surplus	3	351,976	198,508
Interest receivable and similar income	7	2,921	9,934
Interest payable and similar expenses	8	(7,980)	(13,567)
Surplus before taxation		346,917	194,875
Taxation		-	-
Surplus for the financial year		346,917	194,875

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 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	9	886,087		1,027,248	
Investments	10		1		1
			<u>886,088</u>		<u>1,027,249</u>
Current assets					
Debtors	12	5,069,324		3,998,240	
Cash at bank and in hand		786,866		1,211,605	
		<u>5,856,190</u>		<u>5,209,845</u>	
Creditors: amounts falling due within one year	13	<u>(4,000,989)</u>		<u>(3,702,722)</u>	
Net current assets			<u>1,855,201</u>		<u>1,507,123</u>
Total assets less current liabilities			<u>2,741,289</u>		<u>2,534,372</u>
Creditors: amounts falling due after more than one year	14		(140,000)		(280,000)
Provisions for liabilities	16		(222,500)		(222,500)
Net assets			<u><u>2,378,789</u></u>		<u><u>2,031,872</u></u>
Reserves					
Income and expenditure account			<u><u>2,378,789</u></u>		<u><u>2,031,872</u></u>

The financial statements were approved by the board of directors and authorised for issue on 28 June 2021. and are signed on its behalf by:



Philip Jones (Chairman)
Director

Company Registration No. 04832301

Energy Networks Association Limited

Statement of Changes in Equity

For the year ended 31 December 2020

	Income and expenditure account £
Balance at 1 January 2019	1,836,997
Year ended 31 December 2019:	
Profit and total comprehensive income for the year	194,875
Balance at 31 December 2019	<u>2,031,872</u>
Year ended 31 December 2020:	
Profit and total comprehensive income for the year	346,917
Balance at 31 December 2020	<u><u>2,378,789</u></u>

Energy Networks Association Limited

Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash absorbed by operations	21	(255,552)		(186,713)	
Interest paid		(7,980)		(13,567)	
Net cash outflow from operating activities		(263,532)		(200,280)	
Investing activities					
Purchase of tangible fixed assets		(24,128)		(22,669)	
Interest received		2,921		9,934	
Net cash used in investing activities		(21,207)		(12,735)	
Financing activities					
Repayment of borrowings		(140,000)		(140,000)	
Net cash used in financing activities		(140,000)		(140,000)	
Net decrease in cash and cash equivalents		(424,739)		(353,015)	
Cash and cash equivalents at beginning of year		1,211,605		1,564,620	
Cash and cash equivalents at end of year		786,866		1,211,605	

Energy Networks Association Limited

Notes to the Financial Statements

For the year ended 31 December 2020

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

Each year the Board assesses whether the use of the going concern basis is appropriate and in doing so considers any material uncertainties that may cause significant doubt on the ability of ENA to continue as a going concern. This assessment is made for at the least the period of 1 year from the date of approval of the financial statements. This year this assessment has included the ongoing impact of the Covid-19 pandemic.

ENA has continued to operate effectively throughout the Covid-19 pandemic by moving its operations online and enabling all staff to work remotely. ENA members are committed to the continued funding of ENA and therefore the Coronavirus pandemic is not considered to materially affect ENA's continued going concern status and therefore the financial statements continue to be prepared on a going concern basis.

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.

Energy Networks Association Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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	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 statement of comprehensive income.

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 at bank and in hand

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.

Energy Networks Association Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

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

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.

Energy Networks Association Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

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.

Provisions

Property dilapidation provisions have been made by management based on professional advice and expert assessments. These provisions are best estimates which are reviewed annually and are made to recognise contractual costs at a future date.

Energy Networks Association Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

3 Operating surplus

	2020	2019
	£	£
Operating surplus for the year is stated after charging:		
Depreciation of owned tangible fixed assets	165,289	170,027
	<u> </u>	<u> </u>

4 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	16,450	15,250
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	725	725
	<u> </u>	<u> </u>

5 Employees

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

	2020	2019
	Number	Number
Employees	40	40
	<u> </u>	<u> </u>

Energy Networks Association Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

5 Employees

(Continued)

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	2,234,047	2,098,948
Social security costs	254,713	240,557
Pension costs	394,733	371,355
	<u>2,883,493</u>	<u>2,710,860</u>

Included in the above are redundancy and termination payments in the year amounting to £15,100 (2019: £110,155),

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 External Affairs and Director of Operations and Safety, Health and Environment and is as follows.

	2020 £	2019 £
Aggregate compensation	<u>631,221</u>	<u>749,254</u>

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	207,070	202,019
Company pension contributions to defined contribution schemes	26,914	26,257
	<u>233,984</u>	<u>228,276</u>

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

7 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	<u>2,921</u>	<u>9,934</u>

Energy Networks Association Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

(Continued)

7 Interest receivable and similar income

Investment income includes the following:

Interest on financial assets not measured at fair value through surplus or deficit	2,921	9,934
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8 Interest payable and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	7,980	13,567

9 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2020	1,183,731	101,807	136,657	66,042	1,488,237
Additions	-	-	6,223	17,905	24,128
At 31 December 2020	1,183,731	101,807	142,880	83,947	1,512,365
Depreciation and impairment					
At 1 January 2020	234,748	101,807	76,138	48,296	460,989
Depreciation charged in the year	120,375	-	31,814	13,100	165,289
At 31 December 2020	355,123	101,807	107,952	61,396	626,278
Carrying amount					
At 31 December 2020	828,608	-	34,928	22,551	886,087
At 31 December 2019	948,983	-	60,519	17,746	1,027,248

10 Fixed asset investments

	Notes	2020	2019
		£	£
Investments in joint ventures	11	1	1

Energy Networks Association Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

10 Fixed asset investments

(Continued)

Movements in fixed asset investments

	Shares in group undertakings and participating interests £
Cost or valuation	
At 1 January 2020 & 31 December 2020	1
Carrying amount	
At 31 December 2020	1
At 31 December 2019	1

11 Joint ventures

Details of the company's joint ventures at 31 December 2020 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 2020.

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

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	3,713,843	2,525,688
Other debtors	391,769	362,826
Prepayments and accrued income	963,712	1,109,726
	<u>5,069,324</u>	<u>3,998,240</u>

Energy Networks Association Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

13 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Other borrowings	15	140,000	140,000
Trade creditors		1,715,313	1,201,879
Other taxation and social security		534,417	128,927
Deferred income		430,709	354,950
Other creditors		744,553	821,683
Accruals		435,997	1,055,283
		<u>4,000,989</u>	<u>3,702,722</u>

Included in other creditors is an amount of £38,116 relating to unpaid pension amounts (2019: £26,899).

Deferred income brought forward from 2019 of £354,950 was released in the year, £430,709 has been deferred in the year.

14 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Other borrowings	15	<u>140,000</u>	<u>280,000</u>

15 Loans and overdrafts

	2020 £	2019 £
Other loans	<u>280,000</u>	<u>420,000</u>
Payable within one year	140,000	140,000
Payable after one year	<u>140,000</u>	<u>280,000</u>

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 at 31 December 2020 stood at 0.10%).

16 Provisions for liabilities

	2020 £	2019 £
Dilapidations	<u>222,500</u>	<u>222,500</u>

Energy Networks Association Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

16 Provisions for liabilities

(Continued)

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.

17 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	394,733	371,355

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.

18 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.

19 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:

	2020	2019
	£	£
Within one year	529,550	529,550
Between two and five years	2,118,200	2,118,200
In over five years	706,067	1,235,617
	<u>3,353,817</u>	<u>3,883,367</u>

20 Related party transactions

The company received £3,954,138 (2019: £3,954,138) in annual subscriptions from the full members listed on page 2 to the accounts, £115,523 (2019: £115,525) from associates and £15,744 (2019: £15,744) 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 £3,432,891 (2019: £2,263,013) due from full members included within trade debtors.

Energy Networks Association Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

21 Cash generated from operations

	2020 £	2019 £
Surplus for the year after tax	346,917	194,875
Adjustments for:		
Finance costs	7,980	13,567
Investment income	(2,921)	(9,934)
Depreciation and impairment of tangible fixed assets	165,289	170,027
Movements in working capital:		
(Increase) in debtors	(1,071,084)	(852,214)
Increase in creditors	222,508	317,047
Increase/(decrease) in deferred income	75,759	(20,081)
Cash absorbed by operations	<u>(255,552)</u>	<u>(186,713)</u>