

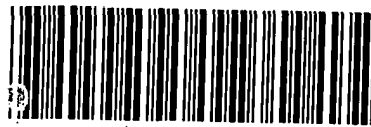
SSE Airtricity Energy Supply (NI) Limited

Directors' report and financial statements

Year ended 31 March 2019

Registered number: N1041956

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SSE Airtricity Energy Supply (NI) Limited

Directors' report and financial statements

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SSE Airtricity Energy Supply (NI) Limited

Directors and other information

Directors

S. Gallagher
M. Ennis
A. Greer (appointed 21 December 2018)
K. Neenan (appointed 05 July 2019)
S. Wheeler (resigned 05 July 2019)

Registered office

Millennium House
25 Great Victoria Street
Belfast
BT2 7AQ

Secretary

P. Lawns (resigned 29 August 2019)
H. Gettinby (appointed 29 August 2019)

Banker

Ulster Bank
Belfast City Branch
11-16 Donegall Square East
Belfast
BT15UB

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2

Solicitor

SSE Legal Counsel
Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ
Scotland

Registered number

NI041956

SSE Airtricity Energy Supply (NI) Limited

Strategic Report

The directors present their report and audited financial statements for the year ended 31 March 2019.

The Strategic report has been prepared in accordance with the requirements of the Companies Act 2006.

Review of business

The Company's core purpose is to provide the energy people need in a reliable and sustainable way. The goal remains to grow market share and a sustainable business, while managing the various market risks.

The Company acquired a further 50% share of Fusion Heating Ltd. on 5 September 2018.

The Company's immediate parent undertaking is SSE Energy Supply Ltd, a company registered in the United Kingdom. The Company's ultimate parent undertaking is SSE plc, a company registered in the United Kingdom.

Key performance indicators

The directors believe the following indicators provide sufficient information as to how the Company is performing.

	2019 £'000	2018 £'000
Turnover	243,885	205,571
Gross profit (before derivative adjustment)	26,911	17,699
Operating profit (before derivative adjustment)	9,192	3,859
Net profit for the year (before derivative adjustment)	6,998	3,285
Net assets	33,926	32,632

The directors monitor these indicators on a monthly basis and believe they provide sufficient information on how the Company is performing.

On behalf of the Board:



S. Gallagher
Director

Date: 27 September 2019

SSE Airtricity Energy Supply (NI) Limited

Directors' Report

The directors present their report and audited financial statements of the Company for the year ended 31 March 2019.

Principal activities

The Company is involved in the purchase and sale of electricity generated from renewable energy and other sources. The Company acquires customers, purchases electricity from other group companies and from third parties.

The principal risks facing the company are customer numbers, sales price and cost and availability of power. To mitigate against customer number risk, the directors have ensured a sales programme is in place. To mitigate against cost and availability of power, the directors have signed contracts for power and have a power hedging arrangement with another group company SSE Energy Supply Limited.

Results and dividends

The profit and loss account for the year ended 31 March 2019 is set out on page 9. The profit for the year after taxation amounted to £1,273,000 (2018: £5,641,000). The balance sheet at 31 March 2019 is set out on page 10 and indicates net assets of £33,926,000 (2018: £32,632,000).

During the year the Company declared a dividend of £nil to its parent undertaking, SSE Energy Supply Limited (2018: £nil).

The current year profit after tax excluding the impact of derivative instruments is £6,998,000 (2018: £3,285,000). Performance in the year is driven by increased focus on operating efficiencies and cheaper energy costs year on year.

Directors

The directors and Company secretary in place at 31 March 2019 are listed on page 1. In accordance with the Articles of Association of the Company, the directors are not required to retire by rotation. A. Greer and K. Neenan were appointed as Directors on 21 December 2018 and 5 July 2019 respectively. S. Wheeler resigned as Director on 5 July 2019.

Political donations

The Company made no political donations in the period (2018: £nil).

Disclosure of information to auditors

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

Post balance sheet events

There have been no significant events since the balance sheet date.

Principal risks and uncertainties

The Company is aware of the political uncertainty around Brexit. This is being closely monitored by the Company but is not considered to have a significant impact on the accounts for period ended 31 March 2019.

SSE Airtricity Energy Supply (NI) Limited

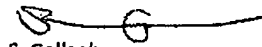
Directors' Report *(continued)*

Auditor

A formal external audit tender process has been completed by the Audit Committee on behalf of the Board and EY have been selected by the board as the new Statutory Auditors in respect of the financial year ending 31 March 2020.

KPMG intend to resign as Statutory Auditors upon conclusion of the 2019 statutory audit.

On behalf of the Board:



S. Gallagher
Director

Date: 27 September 2019

SSE Airtricity Energy Supply (NI) Limited

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

The directors are responsible for preparing the directors report, strategic 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 they have elected to prepare the financial statements in accordance with FRS 101 *Reduced Disclosure Framework*.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the Board:



S. Gallagher
Director

Date: 27 September 2019.



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SSE AIRTRICITY ENERGY SUPPLY (NI) LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SSE Airtricity Energy Supply (NI) Limited ('the Company') for the year ended 31 March 2019, which comprise the statement of profit and loss and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 101 Reduced Disclosure Framework.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework; and
- have been properly 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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.

We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SSE AIRTRICITY ENERGY SUPPLY (NI)
LIMITED (continued)**

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic and directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SSE AIRTRICITY ENERGY SUPPLY (NI)
LIMITED (continued)**

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.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Ryan McCarthy (Senior Statutory Auditor)
for and on behalf of
KPMG Statutory Auditor
1 Stokes Place
St Stephens Green
Dublin 2

27 September 2019

SSE Airtricity Energy Supply (NI) Limited

Statement of Profit and Loss and Other Comprehensive Income

For the year ended 31 March 2019

	Note	Period Ended 31 March 2019			Period Ended 31 March 2018		
		Excluding derivatives £'000	Derivatives (Note 3) £'000	Total £'000	Excluding derivatives £'000	Derivatives (Note 3) £'000	Total £'000
Turnover	2	243,885	-	243,885	205,571	-	205,571
Cost of sales		(216,974)	(5,852)	(222,826)	(187,872)	2,909	(184,963)
Gross profit		26,911	(5,852)	21,059	17,699	2,909	20,608
Administrative expenses		(17,719)	-	(17,719)	(13,840)	-	(13,840)
Operating profit/(loss)	5	9,192	(5,852)	3,340	3,859	2,909	6,768
Interest receivable and similar income	6	481	-	481	211	-	211
Interest payable and similar charges	7	(64)	(1,216)	(1,280)	(103)	-	(103)
Profit/(loss) on ordinary activities before taxation		9,609	(7,068)	2,541	3,967	2,909	6,876
Tax (charge)/credit on profit on ordinary activities	8	(2,028)	1,343	(685)	(682)	(553)	(1,235)
Profit/(loss) for the financial year		7,581	(5,725)	1,856	3,285	2,356	5,641

The accompanying notes form an integral part of this profit and loss account.

There was no items of other comprehensive income during the year.

SSE Airtricity Energy Supply (NI) Limited


Balance Sheet

as at 31 March 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	9	355	345
Financial Assets	10	24,463	23,483
		<u>24,818</u>	<u>23,828</u>
Current assets			
Debtors	11	54,749	47,327
Deferred tax asset	13	1,677	-
Cash at bank and in hand		250	965
Derivative financial assets (of which £Nil is non-current (2018: £671k))	15	-	3,455
		<u>56,676</u>	<u>51,747</u>
Creditors: amounts falling due within one year	12	<u>(43,372)</u>	<u>(42,869)</u>
Deferred tax liability	13	-	(74)
Net current assets		<u>13,304</u>	<u>8,804</u>
Total assets less current liabilities		<u>38,122</u>	<u>32,632</u>
Derivative financial liabilities (of which £504k is non current (2018: £Nil))	15	<u>(3,613)</u>	-
Net assets		<u>34,509</u>	<u>32,632</u>
Capital and Reserves			
Called up share capital	14	-	-
Profit and loss account		34,509	32,632
Shareholders' funds		<u>34,509</u>	<u>32,632</u>

The accompanying notes form an integral part of this Balance Sheet.

On behalf of the Board:


S. Gallagher
Director

Date: 27 September 2019

Company registered number: NI041956

SSE Airtricity Energy Supply (NI) Limited

Statement of Changes in Equity for the year ended 31 March 2019

	Share Capital £'000	Retained Earnings £'000	Total Equity £'000
Balance as at 1 April 2017	-	26,956	26,956
Profit for the financial year	-	5,641	5,641
Share based payments	-	35	35
Balance as at 31 March 2018	-	32,632	32,632
Balance as at 1 April 2018	-	32,632	32,632
Profit for the financial year	-	1,856	1,856
Share based payments	-	21	21
Balance as at 31 March 2019	-	34,509	34,509

SSE Airtricity Energy Supply (NI) Limited

Notes

1 Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

These financial statements were prepared in accordance with FRS 101 *Reduced Disclosure Framework*. In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRS'), but has made amendments, where necessary, in order to comply with the Companies Act 2006 and has set out below where advantages of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for tangible fixed assets;
- The effect of new, but not yet effective, IFRSs;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures in respect of capital management; and
- Related party disclosures.

As the consolidated financial statements of SSE plc include the equivalent disclosure, the Company has also taken advantage of the exemptions, under FRS 101, available in respect of the following disclosures:

- Certain disclosures, required by IAS 36 *Impairment of assets*, in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 *Fair value measurement* and the disclosures required by IFRS 7 *Financial instrument disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Impact of new international reporting standards

There has been no material impact on the Company's financial statements as a result of adopting IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* from 1 April 2018.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through the profit or loss.

Consolidation

The Company is a subsidiary of SSE plc and the financial statements of the Company are consolidated with the consolidated financial statements of that company. The Company is therefore exempt from the requirement to prepare consolidated financial statements by virtue of Regulation of the European Union (Companies: Group Accounts) Regulations, 1992. Consequently, these financial statements deal with the results of the Company as a single entity.

Finance income and finance costs

Finance income is recognised as it accrues in profit or loss using the effective interest rate method.

Finance costs comprise interest expense on borrowing and unwinding of the discount on provisions. Borrowing costs that are not directly attributable to an acquisition or construction of a qualifying asset are recognised in profit or loss using the effective interest method.

SSE Airtricity Energy Supply (NI) Limited

Notes (continued)

1 Statement of accounting policies (continued)

Dividends

Dividend distributions to the Company's shareholders are recognised in the financial statements as they are paid or if they have been approved by shareholders before the end of the financial period. Dividends approved by shareholders but unpaid before the end of the financial period are recognised as a liability in the financial statements.

Financial asset

Investments in subsidiary and joint venture undertakings are shown at cost less provision for any impairment. Income from financial assets is recognised in the profit and loss account in the period in which it is receivable.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provisions for impairment.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life. Assets are depreciated once they are in use. The useful lives currently used are as follows:

Office and computer equipment	7-10 years
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Turnover

Turnover represents net sales of electricity & gas supplied to customers during the year, excluding Value Added Tax. Sales are based on an estimate of the value of electricity or gas supplied to customers for the year; this estimate is based off actual market consumption and takes into consideration industry reconciliation processes for total consumption by supplier. At the balance sheet date, the estimated consumption by customers will either have been billed (estimated billed turnover) or accrued (unbilled turnover).

Taxation

Current tax, including UK corporation tax and foreign tax, is provided on the Company's taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which future reversals of the underlying timing differences can be deducted.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Pension costs

The company is part of SSE Renewables Holdings Limited's pension plans which cover certain employees of the company through contributions to defined contribution schemes. The amount charged to the profit and loss account in respect of pension costs is the amount payable in the year. Differences between contributions payable in the year and contributions actually paid are included in other debtors or creditors in the balance sheet.

SSE Airtricity Energy Supply (NI) Limited

Notes (continued)

1 Statement of accounting policies (continued)

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The impact of open derivative instruments at the balance sheet date on the results for the year has been presented separately as the directors believe this presents a fairer reflection of the underlying trading performance for the year.

2 Turnover

The Company's entire turnover arose in Northern Ireland and related to the supply of electricity generated from renewable sources.

3 Derivatives

	2019 £'000	2018 £'000
Net (loss)/gain on MTM of unrealised derivative contracts - Operating (Note 15)	(5,852)	2,909
Net loss on MTM of unrealised derivative contracts - Financing (Note 15)	(1,216)	-
	<u>(7,068)</u>	<u>2,909</u>

SSE Airtricity Energy Supply (NI) Limited

Notes (continued)

4 Employees and remuneration

During the year, the average number of persons employed by the Company was 93 (2018: 98) analysed as follows:

	2019 £'000	2018 £'000
The aggregate payroll costs of these persons was as follows:		
Wages and salaries	1,905	2,219
Social welfare costs	189	184
Pension costs (note 15)	227	218
Share based payment expense	21	35
	<u>2,342</u>	<u>2,656</u>

None of the directors received any emoluments in respect of fees or services to the company in the year ended 31 March 2019 (2018: *Nil*).

5 Expenses and auditor's information

Profit on ordinary activities before taxation, all of which was generated by continuing operations, has been determined after charging the following:

	2019 £'000	2018 £'000
Foreign exchange (gain)/loss	(4)	1
Depreciation	-	4
	<u>-</u>	<u>5</u>

Auditor's and directors' remuneration have been borne by another Group company in the current and prior year.

	2019 £'000	2018 £'000
<i>Auditors' remuneration:</i>	<u>12</u>	<u>10</u>

6 Interest receivable and similar income

	2019 £'000	2018 £'000
Interest income receivable from Group companies	357	203
Government grants	124	-
On cash at bank and restricted cash	-	8
	<u>481</u>	<u>211</u>

SSE Airtricity Energy Supply (NI) Limited

Notes (continued)

7 Interest payable and similar charges

	Excluding derivatives	Derivatives	Total	Excluding derivatives	Derivatives	Total
	2019	2019	2019	2018	2018	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Movement on financing derivatives (Note 15)	-	1,216	1,216	-	-	-
Bank charges	64	-	64	103	-	103
	<u>64</u>	<u>1,216</u>	<u>1,280</u>	<u>103</u>	<u>-</u>	<u>103</u>

8 Taxation

	2019	2018
	£'000	£'000
Current taxation		
Corporation tax charge	2,438	679
Adjustments in respect of prior periods	(2)	(10)
	<u>2,436</u>	<u>669</u>
Deferred taxation (note 13)		
Charge during the year	(1,957)	628
Effect of rate change	206	(66)
Adjustments in respect of prior periods	-	4
	<u>(1,751)</u>	<u>566</u>
Tax charge on ordinary activities	<u>685</u>	<u>1,235</u>

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit on ordinary activities before tax is as follows:

	2019	2018
	£'000	£'000
Profit on ordinary activities before tax	<u>2,541</u>	<u>6,876</u>
Tax charge on profit on ordinary activities at standard UK corporation tax rate of 19% (2018: 19%)	483	1,307
Effects of:		
Non-deductible expenses	4	-
Transfer pricing adjustments	(6)	-
Corporation tax adjustments in respect of prior periods	(2)	(10)
Deferred tax adjustments in respect of prior periods	206	4
Effect of rate change	-	(66)
Total tax charge for year	<u>685</u>	<u>1,235</u>

SSE Airtricity Energy Supply (NI) Limited

Notes (continued)

8 Taxation (continued)

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from April 2015) were substantively enacted on 2 July 2013. A further reduction to 19% (effective from 1 April 2018) was substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. This will reduce the company's future current tax charge accordingly.

9 Tangible fixed assets

	Tangible fixed assets €'000
Cost	
Balance at beginning of period	1,092
Additions	10
Balance at end of period	1,102
Accumulated depreciation	
Balance at beginning of period	747
Charge for the year	
Balance at end of period	747
Net book value	
At 31 March 2019	355
At 31 March 2018	345

10 Financial fixed assets

	Subsidiary undertakings €'000	Joint venture €'000	Total €'000
At 1 April 2018	22,913	570	23,483
Joint venture becoming a subsidiary	1,550	(570)	980
At 31 March 2019	24,463	-	24,463

Investments in financial assets represent share holdings in the following companies:

Company Name	% Current Year Holding	% Prior Year Holding	Address
SSE Airtricity Gas Supply (NI) Ltd	100%	100%	Millennium House, 17-25, Great Victoria Street, Belfast, BT2 7AQ
Fusion Heating Ltd.	100%	50%	Unit 14 Maryland Industrial Estate, Ballygowan Road, Belfast, BT23 6BL

SSE Airtricity Energy Supply (NI) Limited

Notes (continued)

11 Debtors

	2019 £'000	2018 £'000
Trade receivables	23,276	19,492
Amounts due from Group undertakings	31,342	27,835
Vat receivable	131	-
	<u>54,749</u>	<u>47,327</u>

Interest is accrued on the outstanding amounts due from the parent Company at a rate of 0.75% (2018: 0.75%), and shall be payable on demand.

12 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	2,652	1,979
Amounts owed to Group undertakings (unsecured, interest free and payable on demand)	12,894	15,100
Accruals	24,469	23,990
Climate change levy	919	901
Corporation tax payable	2,438	679
Vat payable	-	220
	<u>43,372</u>	<u>42,869</u>

13 Deferred tax asset/(liability)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Tangible fixed assets	-	-	(9)	(4)	(9)	(4)
Provisions	1,071	517	-	-	1,071	517
Financial assets	615	-	-	(587)	615	(587)
	<u>1,686</u>	<u>517</u>	<u>(9)</u>	<u>(591)</u>	<u>1,677</u>	<u>(74)</u>

SSE Airtricity Energy Supply (NI) Limited

Notes (continued)

13 Deferred tax asset/(liability) (continued)

Movement in deferred tax during the year

	1 April 2018	Recognised in income	31 March 2019
	£'000	£'000	£'000
Fixed assets	(4)	(5)	(9)
Provisions	517	554	1,071
Financial assets	(587)	1,202	615
	<u>(74)</u>	<u>1,751</u>	<u>1,677</u>

Movement in deferred tax during prior year

	1 April 2017	Recognised in income	31 March 2018
	£'000	£'000	£'000
Fixed Assets	5	(9)	(4)
Provisions	580	(63)	517
Financial assets	-	(587)	(587)
Other	(93)	93	-
	<u>492</u>	<u>(566)</u>	<u>(74)</u>

14 Called up share capital

	2019	2018
	£	£
Authorised		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

15 Derivative and financial instruments

Exposure to interest rate risk arises in the normal course of the Company's business. Derivative financial instruments are entered into to hedge exposure to risk. The objectives and policies for holding or issuing financial instruments and similar contracts, and the strategies for achieving those objectives that have been followed during the period are explained below.

Fair values have been determined with reference to closing market prices.

Derivative and financial instrument disclosure

For disclosure purposes, derivative financial instruments are classified into two categories, operating derivatives and financing derivatives. Financing derivatives include all fair value and cash flow interest rate hedges, non-hedge accounted (mark-to-market, noted as MTM) interest rate derivatives, cash flow foreign exchange hedges and non-hedge accounted (MTM) foreign exchange contracts. Non-hedge accounted contracts are treated as held for trading (MTM). The carrying value is the same as the fair value for all instruments. All balances are stated gross of associated deferred taxation.

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Notes (continued)

15 Derivative and financial instruments (continued)

Fair values

The fair values of the Company's financial assets and financial derivatives, and the carrying amounts in the balance sheet are analysed below. Balances included in the analysis of primary financial assets and liabilities include cash and cash equivalents, loans and borrowings, trade and other debtors, trade and other creditors and provisions, all of which are disclosed separately. Own use commodity contracts are not considered to be financial instruments.

Basis of determining fair value

Closing rate market values have been used to determine the fair values of the interest rate and foreign currency contracts and denominated long-term fixed rate debt. Estimates applied reflect the management's best estimates of these factors.

Summary fair values

The fair values of the primary financial assets and liabilities together with their carrying values are as follows:

	2019 Carrying Value £'000	2019 Fair Value £'000	2018 Carrying Value £'000	2018 Fair Value £'000
Financial assets				
Trade and other debtors	58,175	58,175	47,327	47,327
Cash	250	250	965	965
Derivative financial assets	-	-	3,455	3,455
Financial liabilities				
Trade and other creditors	40,935	40,935	42,869	42,869
Derivative financial liabilities	3,613	3,613	-	-

16 Pension scheme

The Company's total pension costs for the year ended 31 March 2019 were £227,000 (2018: £218,405). No significant amounts were due to the pension funds at 31 March 2019 (2018: £nil).

Pension contributions for certain employees are made in respect of the defined contribution schemes operated by SSE plc.

17 Controlling party

The Company is a wholly owned subsidiary of SSE Energy Supply Ltd, a company registered in the United Kingdom.

The Company is engaged in the supply of electricity to its customers in Northern Ireland.

The Company's ultimate parent undertaking is SSE plc, registered in the United Kingdom. The largest and the smallest Group in which the results of the Company are consolidated is that headed by SSE plc. No other company's financial statements include the results of the Company. The consolidated financial statements of SSE plc are available to the public and may be obtained from its registered office at Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ.

18 Post balance sheet events

There have been no significant events since the balance sheet date.

19 Guarantees and charges

Under the terms of the Trading and Settlement Code for the Integrated Single Electricity Market (ISEM), the Company is required to provide credit cover at a level notified to it by the Market Operator; in order to meet this obligation cash includes £7,000 (2018: £8,000) of restricted cash secured by a deed of charge.

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Notes *(continued)*

20 Comparative amounts

Comparative amounts have been regrouped where necessary on the same basis as those for the current financial year.