

ervia

Final Annual Report and
Financial Statements 2024



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Report of the Chairperson and Chief Executive Officer



Kevin Toland
Chairperson



Cathal Marley
Chief Executive Officer

We are pleased to present the final Annual Report of Ervia, for the period up to its dissolution on 1st June 2024, following the transfer of its functions, assets and liabilities to Gas Networks Ireland, in accordance with the Gas (Amendment) and Miscellaneous Provisions Act 2024. The dissolution of Ervia marked the final step in the process to integrate Ervia into Gas Networks Ireland.

Report of the Chairperson and Chief Executive Officer (continued)

Introduction and Scope of the Annual Report

We are pleased to present the final Annual Report of Ervia, for the period up to its dissolution on 1st June 2024, following the transfer of its functions, assets and liabilities to Gas Networks Ireland, in accordance with the Gas (Amendment) and Miscellaneous Provisions Act 2024 (the "Act"). The final Annual Report of Ervia, prepared in accordance with section 18 of the Act, covers the functions, activities and the financial statements of the dissolved Ervia statutory body. Gas Networks Ireland, previously the wholly owned operating subsidiary of Ervia, will publish its 2024 Annual Report in 2025, outlining its functions, activities and financial statements for the calendar year 2024. The 2023 Ervia Group Annual Report, as approved by the Ervia Board on 29th April 2024, is available on the Gas Networks Ireland website.

The dissolution of Ervia marked the final step in the process to integrate Ervia into Gas Networks Ireland, following the separation of Uisce Éireann from Ervia on 1st January 2023. In preparation for the integration, during 2022, all centralised operating functions that were previously provided by Ervia were transferred to Gas Networks Ireland, and thereafter, Ervia operated principally as a holding entity for Gas Networks Ireland. Furthermore, a "mirror board structure" was implemented in January 2023, whereby all Ervia board members were appointed as directors of Gas Networks Ireland, to ensure a smooth post-integration transition of governance arrangements.

As we reached the milestone of the integration of Ervia into Gas Networks Ireland on 1st June 2024, we are pleased to report that throughout the period, the Ervia Board continued to provide oversight in the development, monitoring and implementation of Gas Networks Ireland's strategy. In addition, the Ervia Board continued to prioritise corporate governance in line with best practice, emerging regulation, Government policy and transparency as set out in further detail in the Report of the Board.

The continuity in Gas Networks Ireland's board membership, following the dissolution of Ervia, will ensure a continued clear focus and momentum on the delivery of Gas Networks Ireland's strategic objectives.

Sustainability

Ervia's role in delivering an affordable and clean energy future for the people of Ireland through the decarbonisation of our Gas Networks Ireland network and the reduction of emissions across all sectors of Irish society is critical. During the period, the Ervia Board, through Gas Networks Ireland continued to prioritise and embed sustainability across our business.

Acknowledgements

We would like to thank the Ministers and officials in the Department of Housing, Local Government and Heritage and the Department of Environment, Climate and Communications for their ongoing assistance and support during the period. We would also like to extend our gratitude to the officials at NewERA with whom we regularly liaise on governance matters. Furthermore, we wish to acknowledge the extensive work undertaken by the officials in the Department of Housing, Local Government and Heritage in enabling the dissolution process.

As Chairperson, I also want to express my appreciation and extend my thanks to my fellow Board members, the Executive Team and staff for their support throughout the period. I also want to thank Joe O' Flynn, who retired from the Gas Networks Ireland Board post the dissolution of Ervia, for his significant contribution over his tenure as a member of the Ervia Board.

Kevin Toland
Chairperson

Cathal Marley
Chief Executive Officer

Operating, Financial and Risk Management Review



Operating Highlights

In preparation for the integration of Ervia into Gas Networks Ireland, during 2022, all centralised operating functions that were previously provided by the Ervia, were transferred to Gas Networks Ireland, including all related employees. Thereafter, Ervia has operated principally as a holding entity, providing governance and board oversight, for its wholly owned operating subsidiary Gas Networks Ireland. During the period, the principal role of Ervia continued to be that of providing governance and board oversight. Gas Networks Ireland's Operating Review for the calendar year 2024, will be included in its 2024 Annual Report, which will be published in mid-2025.



Financial Highlights

The financial statements included in the annual report are in respect of the Ervia statutory body only and exclude Gas Networks Ireland. Due to its principal role of providing governance and board oversight, only limited cash transactions were incurred by Ervia, with net operating cash transactions of €169,000 during the period.

Ervia delivered a profit before tax of €44m during the period prior to its dissolution, principally due to a non-cash dividend declared of €44m by its operating subsidiary, Gas Networks Ireland. As set out in note 2 of the financial statements, the dividend receivable from Gas Networks Ireland remained unpaid, prior to the dissolution of Ervia.



Dividends

Ervia dividend policy, as agreed with Government was based on 45% of the previous year's adjusted profit. In line with this policy, the Board approved the declaration of an annual dividend of €44m, in March 2024. As set out in note 2 of the financial statements, the dividend payable to the Government remained unpaid, prior to the dissolution of Ervia and the liability was subsequently paid by Gas Networks Ireland on 28th June.



Transfer to Gas Networks Ireland – 1st June 2024

Pursuant to the Gas (Amendment) and Miscellaneous Provisions Act 2024, on 1st June 2024, all remaining assets and liabilities of Ervia were transferred to Gas Networks Ireland, as set out in note 2(ii) of the financial statements. The net assets transferred of €27m principally comprised of an IAS 19 retirement benefit asset of €28m, related deferred tax liability of €3m and cash balances of €2m.



Risk Management Review

A robust governance structure is in place which includes a comprehensive risk management process to identify, manage, monitor, report and challenge the principal risks and uncertainties that could impact our ability to deliver our strategic objectives. The risk management framework including the effective identification, management and mitigation of risks is an integral part of all our activities. During the period, the risk landscape remained relatively stable, and the key risks and the mitigating actions taken remained broadly consistent to those as set out in the Ervia 2023 Annual Report.



The Board¹



Kevin Toland (Chairperson)

Kevin Toland was appointed to the Ervia Board in January 2023 and was Chairperson of the Remuneration Committee. He is an experienced Non-Executive Director/Chair after a 30-year career where he had significant CEO and management experience in the food, nutrition, beverage, aviation and retail sectors globally with a wide breadth of business skills and deep experience in commercial, finance, strategy and transformation with a proven track record in building and leading strong teams that successfully drove business growth and value. Currently Kevin serves as a Non-Executive Director and Chair of the Audit Committee for Dole plc, and as Chair of Invert Robotics, Chair of Vasorum and Non-Executive Director of Bewleys Limited. Kevin previously was CEO of Aryzta AG from 2017 to 2020 and Chaired Identigen. Prior to this he was CEO of DAA plc, the airport services group and Chairman of ARI from 2013 to 2017. Previously Kevin had been with Glanbia plc in a number of roles from 1999 to 2012, notably as CEO and President of their Global Nutrition and US Cheese businesses and was an Executive Director on the plc Board from 2003 to the end of 2012. Kevin is a Fellow of the Chartered Institute of Management Accountants and has a Diploma in Applied Finance from the Irish Management Institute.



Fiona Egan

Fiona Egan (FCA, B.Comm) was appointed to the Ervia Board in July 2022 and was a member of the Remuneration Committee, the Audit and Risk Committee and the Finance and Investment Committee. Fiona is currently Managing Director of Rabobank Ireland. She is an experienced Managing Director with over 20 years' experience working as a CEO, Corporate and Investment Banker and Non-Executive Director in a number of leadership, execution and governance roles. Prior to joining Rabobank, where she has worked for 18 years, Fiona worked with Goodbody Corporate Finance for 7 years after training and qualifying as a Chartered Accountant with KPMG. Fiona also holds a Bachelor of Commerce degree from University College Dublin and a Diploma in Professional Accounting from Smurfit Business School. Fiona served on the Board of a mid-sized media group from 2011 to 2018.



Saoirse Fahey

Saoirse Fahey (ACA, B. Elec Eng) was appointed to the Ervia Board in January 2023 and was a member of the Audit and Risk Committee and the Safety, Sustainability and People Committee. Saoirse is currently Head of Finance and Strategy for Stripe EMEA and APAC, and for Sales for all regions. She is an experienced finance leader with over 20 years' experience in leadership, execution and governance roles. Prior to joining Stripe in 2020, Saoirse worked with Phorest Salon Software as the CFO and COO. She worked with Microsoft for 20 years, in Finance, Marketing, Sales and Operations leadership roles, in both Global and European roles, after training and qualifying as a Chartered Accountant with PricewaterhouseCoopers. Saoirse holds a Bachelor of Engineering degree from University College Cork and a Diploma in Professional Accounting from Dublin City University. Saoirse serves on several Boards in Stripe. Saoirse has completed several Leadership Development Programmes in business schools across Europe and the US including Kellogg School of Management (Chicago), Ashridge Business School (London) and IESE Business School in Barcelona.

The Board (continued)



Keith Harris

Keith Harris was appointed to the Ervia Board in July 2016 and was re-appointed to the Board in July 2019 and in July 2023. Keith was Chairperson of the Audit and Risk Committee and a member of the Finance and Investment Committee. He is a Board Director at South Staffordshire plc, Industry Partner at AIP Asset Management and an associate of OXERA LLP. He also is the owner of the private infrastructure advisory business, Lorraine House, specialising in energy generation and distribution investments. Prior to these appointments Keith spent 20 years at Wessex Water, including a period of time at ENRON / AZURIX where he was global head of Regulation. At Wessex Water Plc he held various senior Executive and Board positions at Group, utility and unregulated levels, including CFO and deputy CEO.



Sean Hogan

Sean Hogan was appointed to the Ervia Board in January 2015 and was re-appointed in January 2020 and in January 2024.

Mr. Hogan is a Chartered Director and was Chairperson of the Safety, Sustainability and People Committee a member of the Remuneration Committee. He was Chairman of Northern Ireland Water Limited from March 2011 to March 2015 and is currently the Chairman of WRAS Ltd in the UK and Chairs the expert advisory committee on bovine tuberculosis for the Department of Agriculture, Environment and Rural affairs in Northern Ireland.



Geraldine Kelly

Geraldine Kelly was appointed to the Ervia Board in October 2021 and was Chairperson of the Finance and Investment Committee and a member of the Audit and Risk Committee. Geraldine is an experienced Non-Executive Director with a successful international career and a proven track record of delivering results. She has over 25 years board experience contributing to successful businesses in Technology, Energy and Clean Technology sectors with the ability to optimise technology and digital strategies to develop sustainable business solutions. Geraldine currently serves as a non-executive chair of Accountant Online Limited. Her previous experience includes serving as Chair of Plan Ireland and Microfinance Ireland as well as a non-executive director of Bank of Ireland Mortgage Bank, Cenergise Energy Trading Limited, Gaelectric Limited and Tyndall National Institute. Geraldine is a graduate of University College Galway (Maths & Economics), a postgraduate of University College Dublin (MA Economics). She is a Chartered Director with the Institute of Directors and a Certified Bank Director with the Institute of Banking.

¹ The final Ervia Annual Report and Financial Statements were approved by the Gas Networks Ireland Board, pursuant to section 18 of the Gas (Amendment) and Miscellaneous Provisions Act 2024. The Directors of Gas Networks Ireland, as outlined above were members of the Ervia Board up until its dissolution on 01 June 2024.

The Board (continued)



Cathal Marley

Cathal Marley was appointed to the Ervia Board in August 2020 and was a member of the Finance and Investment Committee. He joined Ervia in 2016 as Chief Financial Officer and was appointed CEO in 2020. He has over 20 years' experience in the utilities and infrastructure sector, having worked in senior roles across the electricity, water and gas sectors. He holds an MBA from Michael Smurfit Business School, UCD, is a Fellow of the Institute of Chartered Accountants, a member of the DCU Governing Authority, a member of the Board of the Irish Management Institute (IMI) and a Board member of Swim Ireland. His early career was spent with EY in Dublin and Eastern Europe.



Keara Robins

Keara Robins was appointed to the Ervia Board in January 2023 and was a member of the Safety, Sustainability and People Committee and the Finance and Investment Committee. Keara has significant non-executive experience on boards in the state sector, regulated energy investment funds and the voluntary sector. She was a board member of the National Oil Reserves Agency (NORA) until August 2023 and is an independent director to 4D Global Energy Funds. She has worked globally in the oil and gas sector working with Shell International as a petroleum engineer, contracts engineer, and senior project engineer. She subsequently worked in the sector as an independent consultant for Governments, independent oil companies, Foundations, and the UN on a range of energy challenges. She has proven experience and an understanding across the energy sector value chain with particular interest in the challenges of the green transition and energy decarbonization. She is an engineering graduate (BA BAI) of Trinity College, Dublin.

Report of the Board

Governance Statement

Ervia was a statutory body existing under the laws of Ireland and established pursuant to the Gas Act 1976 (as amended).

Governance

Gas Networks Ireland was formerly a subsidiary of Ervia (formerly Bord Gais Éireann), a statutory corporation established by the Gas Act 1976 (as amended). The Government decided on 20th October 2020 that, following the separation of Uisce Éireann (formerly Irish Water) from the Ervia Group, Ervia would integrate into Gas Networks Ireland so as to become a single entity. Uisce Éireann was legally separated from the Ervia Group on 1st January 2023. The integration of Ervia into Gas Networks Ireland took place on 1st June 2024 pursuant to the Gas (Amendment) and Miscellaneous Provisions Act 2024, such that all functions, assets and liabilities of Ervia on that date transferred to Gas Networks Ireland and Ervia was dissolved. The Ervia Board ("the Board") was accountable to the Minister for Housing, Local Government and Heritage ("the Minister") for the overall performance of the Group and for ensuring good governance up to the date of its dissolution.

This report outlines how Ervia applied the principles and complied with the applicable provisions of the Code of Practice for the Governance of State Bodies ("the Code"). Ervia recognised that good corporate governance was pivotal to its success and to this end continuously reviewed and updated its policies and procedures to comply with best practice. The Gas Networks Ireland Board is satisfied that Ervia complied with the applicable requirements of the Code in all material respects throughout the period from 1st January 2024 to 1st June 2024 under review.

As a statutory body, Ervia was not subject to the provisions of the Companies Act 2014.

Roles and Responsibilities of the Board

The Board was responsible for leading and directing Ervia's activities, which were implemented within a framework of prudent and effective controls that enabled risk to be assessed and managed. The Board took all significant strategic decisions, retaining full and effective control of the Ervia Group's activities, while delegating regular day-to-day management to the Chief Executive Officer and his Executive Team.

The Chief Executive Officer and Executive Team were required to implement the strategic direction set by the Board and to ensure the Board had a clear understanding of the key activities, decisions and performance results and of any significant risks likely to arise. The Chief Executive Officer acted as a direct liaison between the Board and management.

The Board put in place a corporate governance structure which delegated authority to its Committees to carry out certain tasks on its behalf so that it could give the right level of attention and consideration to those and other matters. The former Board Committees are outlined in further detail on pages 12-13. The membership and responsibilities of these committees transitioned to Gas Networks Ireland on the dissolution of Ervia on 1st June 2024.

The activity of the Board and its Committees was planned annually to ensure that there was effective supervision and control of the Ervia Group's business. The work and responsibilities of the Board are set out in the Ervia Governance Framework. The framework also contains the matters specifically reserved for Board decision, as summarised below.

Standing items which were considered at each Board meeting included:

- Declaration of any conflicts of interests.
- Reports from Committees.
- Financial report.
- Chief Executive's Report.
- Safety report.

Formal Schedule of Matters Reserved for the Ervia Board

The Formal Schedule of Matters reserved for the Board, as set out in the Ervia Governance Framework, included, in respect of all group entities approval of the following:

- Safety policy.
- Annual budget.
- Multi-annual business plans.
- All contracts and expenditure with a value in excess of €10m.
- Annual Reports and Annual Financial Statements.
- Appointment/removal of auditors.
- Treasury matters.
- Significant amendments to pension schemes.
- Terms of employment of senior management.
- Code of Business Conduct.
- Enterprise Risk Management Policy, Protected Disclosures Policy and Anti-Fraud, Bribery and Corruption Policy.
- Approval of the release for consultation of key policy documents of strategic importance.

Report of the Board (continued)

Matters Considered by the Ervia Board during the period from 1 January to 1 June 2024

Strategy

- Strategic Direction of Ervia and Gas Networks Ireland.
- Integration of Ervia into Gas Networks Ireland.
- Security of supply.
- Strategic Gas Emergency Reserve.
- 2024 Balanced Scorecards.
- Ongoing dialogue with Ervia's shareholder on strategic issues.
- Customer strategy.
- Communications strategy.
- Price Control for Gas Networks Ireland.
- Biomethane.
- Hydrogen Network Operator.
- Sustainability strategy.
- Pathway to a Net Zero Carbon Network.

Safety

- Monthly health and safety metrics for the Ervia Group.
- Implementation of mental health awareness initiatives.

Operations

- CEO's Operations Report including Key Performance Indicators.
- Capital investment evaluations.
- Delivery of critical projects safely.
- Stakeholder engagement.
- Innovation.

Corporate Governance

- Monitoring compliance with the Code of Practice for the Governance of State Bodies.
- Analysis of 2023 Board effectiveness review.
- Revised constitution for Gas Networks Ireland.
- Protected Disclosures Policy.

Finance

- Annual published results.
- Monthly trading results including performance versus budget and forecast.
- Quarterly re-forecast.
- Dividends.
- Business Plan.

Risk

- Ongoing risk monitoring.
- Setting of risk appetite.
- Regular review at Audit and Risk Committee and Board of cyber.

Board Responsibilities Statement for the Annual Report and Financial Statements

Pursuant to section 18 of the Gas (Amendment) and Miscellaneous Provisions Act 2024, the Gas Networks Ireland Board was responsible for the preparation of the Annual Report and the accompanying Financial Statements, which in the opinion of the Board, give a true and fair view of the state of affairs and profit of Ervia for the period from 1st January 2024 up to its dissolution on 1st June 2024. The responsibility for the maintenance and integrity of certain corporate and financial information included in the organisation's website, transferred to the Gas Networks Ireland Board following the dissolution of Ervia. Legislation in Ireland concerning the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions. The Gas Networks Ireland Board prepared the Financial Statements in accordance with applicable Irish law and International Financial Reporting Standards as adopted by the European Union. The Gas Networks Ireland Board has continued to ensure that adequate accounting records were maintained in compliance with the obligations imposed by the Gas Act 1976 (as amended).

The responsibility for reviewing the effectiveness of the system of internal controls comprising financial, operational, compliance and risk management controls and for reporting thereon to the Minister, transferred to the Gas Networks Ireland Board following the dissolution of Ervia. The Board was responsible for safeguarding the assets of Ervia and for taking reasonable steps for the prevention and detection of fraud and other irregularities, up to its dissolution on 01 June 2024.

In preparing the Financial Statements, the Gas Networks Ireland Board is satisfied that:

- Suitable accounting policies have been selected and applied consistently.
- Judgements and estimates used are reasonable and prudent.
- Preparation of the Financial Statements on a non-going concern basis is appropriate.
- The Financial Statements give a true and fair view of the financial position of Ervia for the period under review.

Report of the Board (continued)

The Ervia Board

The Directors of Gas Networks Ireland at the date of approval of the final Ervia Annual Report and Financial Statements, as outlined on pages 6-8, were members of the Board up until its dissolution on 01 June 2024.

Board Composition

The Board's composition was a matter for the Minister with the approval of Government. Decisions regarding the appointment and re-appointment of Board members were made by the Minister in accordance with the Guidelines on Appointments to State Boards as published by the Department of Public Expenditure and Reform. The Chairperson engaged with the Minister in advance of Board appointments to highlight the specific skills and experience that are required on the Board.

Board Members had a blend of skills and experience and the necessary competence to support effective decision making.

The Board was led by the Chairperson, Kevin Toland, who was responsible for ensuring its effectiveness in all aspects of its role. The Company Secretary was responsible for ensuring that Board procedures were complied with and for advising the Board, through the Chairperson, on governance matters generally.

Induction and Development of New Board Members

On appointment, Board Members were provided with detailed briefing documents covering governance, financial and operational information, and an

opportunity to be briefed by the Executive team on the various aspects of the business of the Group.

Board Members had access to training programmes and their ongoing development needs were kept under review.

Independence

The Gas Networks Ireland Board is satisfied that the non-executive Board members were independent of management, in character and judgement, and free from relationships or circumstances that could affect, or appear to affect, their judgement and ability to meet the requirements of the role. Each Board member brought independent judgement to bear on issues of strategy, performance, resources and standards of conduct. Board members were required to declare any interest or relationship which could interfere with the exercise of their independent judgement. A declaration of any conflicts of interest was a standing item on the agenda for all Board and Committee meetings.

Board Members' Remuneration, Expenses and Attendance

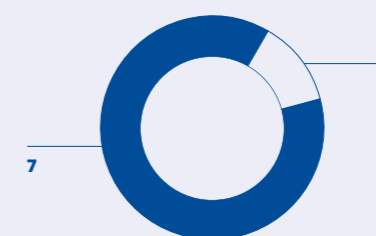
The Minister determined the fees payable to Board members. A schedule of attendance at the Board and Committee meetings for the period from 1st January 2024 up to its dissolution on 1st June 2024 is set out below, including the fees and expenses received by each member in this period. The table outlines the fees and attendance of the Board members who sat on the Board during the period under review.

Board Gender



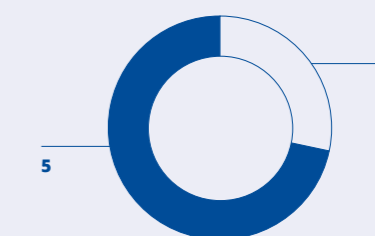
● Men
○ Women

Executive and non-executive Board Members



● Non-executive
○ Executive

Non-executive Board Member tenure



● 0-3 years
○ 3+ years

Report of the Board (continued)

Board Member	Remuneration (€)	Expenses (€)	Board (attended/eligible)	Audit and Risk (attended/eligible)	Remuneration (attended/eligible)	Finance & Investment (attended/eligible)	Safety, Sustainability & People (attended/eligible)
Kevin Toland (Board Chairperson & Remuneration Committee Chairperson)	13,125	17	5/5	-	3/3	-	-
Fiona Egan	6,563		5/5	1/1	3/3	5/5	-
Geraldine Kelly (Finance & Investment Committee Chairperson)	6,563		5/5	1/1	-	5/5	-
Joe O'Flynn (term of office expired on 21 June 2024)	6,563	584	4/5	-	3/3	-	1/1
Keith Harris (Audit and Risk Committee Chairperson)	6,563	192	2/5	1/1	-	5/5	-
Keara Robins	6,563	1,196	5/5	-	-	5/5	1/1
Saoirse Fahey	6,563		5/5	1/1	-	-	1/1
Sean Hogan (Safety, Sustainability & People Committee Chairperson)	6,563	464	5/5	-	3/3	-	1/1
*Cathal Marley (CEO)	Note 1	-	5/5	-	-	5/5	-

* Note 1 – Did not receive a Board fee in compliance with Guidelines on Contracts, Remuneration and Other Conditions of Chief Executives and Senior Management of Commercial State Bodies.

Board and Committee Effectiveness and Evaluation

The Board conducted an annual evaluation of its own performance and that of its Committees. The evaluation related to the Board's and Committees' collective performance. The evaluation methodologies applied by the Board to determine its effectiveness were as follows:

Internal Evaluation	<ul style="list-style-type: none"> The Board self-assessment questionnaire as provided in the Code was circulated to the Board. The questionnaire incorporated an analysis of the gender, diversity and skills mix within the Board based on the Annex to the Code on Gender Balance, Diversity, Equity and Inclusion. Completed questionnaires, included views on performance and recommendations for improvement. The Board formally concluded on its own performance, on the performance of Committees, and that of the Chairperson, CEO and Company Secretary.
External Evaluation	<ul style="list-style-type: none"> In order to comply with the provisions of the Code, an external performance evaluation of the Board and its Committees is conducted every 3 years. An external evaluation was facilitated in 2021 and the outputs from the evaluation were considered by the Board in 2022.
Non-executive Board Member Evaluation	<ul style="list-style-type: none"> Non-Executive Board members carried out a performance evaluation of the Chairperson considering the views of the CEO.

Board Committees

The overall governance structure of the Ervia group remained unchanged during the period from 1st January 2024 up to the dissolution of Ervia on 1st June 2024. The Ervia Committees continued to support the Ervia and subsidiary boards.

The Board had an effective Committee structure in place to assist in the discharge of its responsibilities. During the period from 1st January 2024 up to its dissolution on 1st June 2024, four committees of the Board assisted in the discharge of its responsibilities and were delegated specific responsibilities by the Board as set out in their Terms of Reference.

Audit and Risk Committee

Activities undertaken by the Audit and Risk Committee in the period from 1st January 2024 up to its dissolution on 1st June 2024 are outlined in the Audit and Risk Committee Report on page 20. The Audit and Risk Committee held 1 meeting during this period.

Finance and Investment Committee

The Finance and Investment Committee's responsibilities were set out in its Terms of Reference. The Finance and Investment Committee held 5 meetings during the period from 1st January 2024 to 1st June 2024.

Report of the Board (continued)

Key activities undertaken by the Finance and Investment Committee during the period from 1 January to 1 June 2024 included:

- Capital project evaluation and investment planning approach.
- Strategic Gas Emergency Reserve.
- Updates on capital projects and related cost estimates.
- All capital expenditure proposals in excess of €10m.
- GNI price control decision overview.
- Updates on transmission connections.
- National and EU policy and regulatory updates.
- Biomethane.
- Hydrogen Network Operator.
- Post project reviews.

Remuneration Committee

The Remuneration Committee's responsibilities were set out in its Terms of Reference. The Remuneration Committee held 3 meetings during the period from 1st January 2024 up to its dissolution on 1st June 2024.

Key activities undertaken by the Remuneration Committee in 2024 include:

- Review of Executive performance for 2023.
- Pay progression.
- Set and review performance on 2024 Balanced Scorecards.

Safety, Sustainability and People Committee

The Safety, Sustainability and People Committee's responsibilities were set out in the Terms of Reference. The Safety, Sustainability and People Committee held 1 meeting during the period from 1st January 2024 up to its dissolution on 1st June 2024.

Key activities undertaken by the Safety, Sustainability and People Committee in 2024 include:

- Sustainability Strategy.
- Modern Slavery Statement.
- Scotland compressor stations decarbonisation.
- Review of safety performance and safety action plans.
- Employee engagement.
- Occupational health and safety.

Disclosures Required by the Code of Practice for the Governance of State Bodies

The responsibility for ensuring compliance by Ervia with the disclosure requirements of the Code, transferred to the Gas Networks Ireland Board following the dissolution of Ervia.

Employee Benefits: Ervia incurred no employee benefits during the reporting periods, other than non-cash pension costs as set out in note 3 of the financial statements. The Chief Executive Officer's remuneration, as disclosed in note 3 of the financial statements, was incurred directly by Gas Networks and will be included in the Gas Networks Ireland 2024 Annual Report Code of Practice disclosures.

Consultancy Costs: Ervia incurred no consultancy costs during the period (2023: nil). Limited costs were incurred directly by Gas Networks on behalf of Ervia and will be included in the Gas Networks Ireland 2024 Annual Report Code of Practice disclosures.

Legal Costs and Settlements: Ervia incurred no legal costs or settlements during the period (2023: nil).

Travel and Subsistence Expenditure: Ervia incurred Board travel expense of €4,968 during the period (2023: €16,162).

Hospitality: Ervia incurred no hospitality costs during the period (2023: nil).

Transparency

Ervia, as a commercial state body, was an open organisation which strived to be accountable and transparent to the public. Ervia was committed to improving the public's understanding of how the organisation operates and our role in delivering important national infrastructure and services to support the social and economic development of Ireland.

Protected Disclosures and Raising Concerns

The mechanism whereby Ervia's employees and management may raise concerns, or make disclosures in the public interest, in accordance with the Protected Disclosures Act 2014, was outlined in the Protected Disclosures Policy. Further guidance on raising concerns for management and employees was outlined in the Code of Business Conduct, and the Anti-Fraud Bribery and Corruption Policy.

In the period from 1st January 2024 up to its dissolution on 1st June 2024, there were no Ervia protected disclosures reported. In January 2024, Gas Networks Ireland received a protected disclosure and investigation in relation to this is ongoing.

Report of the Board (continued)

Regulation of Lobbying

Ervia and its subsidiary, Gas Networks Ireland, are registered on the lobbying register maintained by the Standards in Public Office Commission and have made the required submissions for the return periods in 2024 in accordance with the requirements of the Regulation of Lobbying Act 2015.

Official Language Acts (2003 & 2021)

Ervia was committed to meeting all its obligations under the Official Language Acts (2003 & 2021). The Head of Customer Care and Communications was appointed to oversee performance and report on Ervia obligations under the Official Languages Acts (2003 & 2021). Ervia incurred no advertising expenditures during the period from 1st January 2024 up to its dissolution on 1st June 2024.

Prompt Payments

Ervia was a signatory to the Prompt Payment Code as launched by the Government in 2015 and, pursuant to its provisions, undertook to pay suppliers on time, to give clear guidance to suppliers on payment procedures and to encourage the adoption of the code by suppliers within their own supply chains.

Appropriate internal financial controls were in place within Ervia to ensure material compliance with the provisions of the Prompt Payments of Accounts Act, 1997 and the European Communities (Late Payments in Commercial Transactions) Regulations 2012-2016. All non-disputed invoices received in the period from 1st January 2024 up to its dissolution on 1st June 2024 were paid within agreed payment periods. When Ervia validated a late payment request from a supplier, it was Ervia's policy to pay interest due on such late payments. No such interest payments were made in respect of late payments during the period from 1st January 2024 up to its dissolution on 1st June 2024 (2023: Nil).

Model Publication Schemes

Section 8 of the Freedom of Information Act 2014 requires Ervia's subsidiary company, Gas Networks Ireland, to conform with the model publication scheme published by the Department of Public Expenditure and Reform. Under the scheme, Gas Networks Ireland publishes as much information as possible in an open and accessible manner outside of Freedom of Information requests, having regard to the principles of openness, transparency and accountability as set out in the Act.

The Publication Scheme for Gas Networks Ireland is available at the Gas Networks Ireland website.

Although Ervia was not itself subject to the Freedom of Information legislation, it strived to apply the principle of transparency and therefore adhered to the model publication scheme by publishing relevant information on its website.

Gender Balance, Diversity, Equity and Inclusion

The organisation remains committed to building a workplace that visibly embraces diversity, where everyone is treated fairly, and where, everyone has a real sense of belonging. Our Employee Resources Groups remained a key focus for 2024, providing valuable insight, information, and connection for our internal communities across a range of characteristic groups including, family, gender, ethnicity, and LGBT+. In 2024, Gas Networks introduced our ibelong strategy which sets out key areas of focus for the coming 3 years in areas such as Talent Acquisition, Career Development, Data and Culture.

In 2024 our ibelong program continues to offer events and initiatives which celebrate, inform and support colleagues from across our business in matters of DE&I.

In 2024, we published our Gender Pay Gap, for the second year, available on the Gas Networks Ireland website, and we are heartened to see the modest reduction that was reported. We continue to support women in our organisation through our Talent Development Program which launched in 2023 and have seen some very positive feedback. We have introduced a number of new People Policies during 2024, as a direct consequence of our Employee Resource Groups these include our Menopause Policy, Cultural Holiday Policy and Domestic Violence Policy. We will continue to work towards pay equity and increase diverse representation within our business.

Report of the Board (continued)

Statement on the System of Internal Control

Scope of Responsibility

The Board was responsible for ensuring that an effective system of internal control was maintained and operated.

Purpose of the System of Internal Control

The system of internal control was designed to manage risk to a tolerable level rather than to eliminate it and therefore provided reasonable and not absolute assurance that assets were safeguarded, transactions authorised and properly recorded, and that material errors or irregularities were either prevented or detected in a timely way. The system of internal control was in accordance with guidance issued by the Department of Public Expenditure and Reform.

Management of Risk and control environment

The Chief Executive Officer was the accountable executive with ultimate responsibility for the effective management of risk, which included designing, operating and monitoring the systems of internal control. The Chief Executive Officer delegated clear roles and responsibilities for effective risk management and for ensuring the systems of internal control operated effectively by his Executive Team and their reports.

Risk and Control Environment

The Board ensured that it had appropriate systems of internal control and risk management in place through use of the following structures and systems:

Audit and Risk Committee

A unitary Board structure was adopted by Ervia which had ultimate responsibility for the governance of Ervia and its subsidiaries including Gas Networks Ireland. Appropriate Committees were in place at an Ervia Group level.

Ervia had an Audit and Risk Committee ("the ARC") comprising 4 non-executive Board members who have the necessary expertise for the role. The ARC provided oversight of the risk and control environment on behalf of the Board and was responsible for assisting the Board in discharging its responsibilities as they related to this area. On a quarterly basis, the ARC performed, on behalf of the Board a substantive review of risk profile,

prepared by management, ensuring oversight of the key and emerging risks and reviewing the effectiveness of management's responses to key risk exposures facing the Ervia Group. The ARC also reviewed the overall integrity of the risk management system including the effectiveness of the risk and internal audit functions.

Integrated Assurance Forum

Ervia had responsibility under the Code to ensure effective systems of internal control are maintained and operated. In order to address this requirement, the Ervia Group developed the Integrated Assurance Forum ("IAF").

The IAF meets quarterly to confirm assurance activities and required signoffs were co-ordinated and evidenced in a structured manner. The IAF provides assurance to the Board on the effectiveness of the controls. The IAF process, along with numerous other governance, risk and control activities across the "Three Lines Model, supports the Gas Networks Ireland Board in signing-off on the Ervia Statement on the System of Internal Control.

Internal Audit

Ervia had an established internal audit function, which was adequately resourced, and which carried out a programme of work agreed with the ARC for the Ervia Group. The Head of Internal Audit reported directly to the ARC and to the Chief Financial Officer.

The Internal Audit function provides a systematic and disciplined approach to evaluate and improve the effectiveness of the Group's governance, risk management and internal control.

The Internal Audit function:

- Evaluates risk exposure relating to the achievement of Gas Networks Ireland's strategic objectives.
- Evaluates the systems established to ensure compliance with policies, plans, procedures, laws and regulations.
- Evaluates the means of safeguarding assets.
- Monitors and evaluates the effectiveness of risk management processes.
- Evaluates specific operations at the request of the Board or management, as appropriate. Performs advisory services related to governance, risk management and control as appropriate.

Report of the Board (continued)

Risk Management Function

Ervia had an established Risk Management function which was adequately resourced and was responsible for the design and implementation of an Enterprise Risk Management Framework and for ensuring that sufficient risk management experience and skills were available, for the Ervia Group.

In particular, the risk management function:

- Ensures that adequate and consistent processes and oversight are in place for identifying, measuring, managing, monitoring, challenging and reporting the risks to which the Group is exposed.
- Ensures that oversight is maintained, and an assessment is undertaken of the Group's risk profile including principal key risks, emerging and trending risks and high impact/low probability risks, including a description of these risks, clear ownership and associated mitigation measures.
- Embeds an appropriate risk management culture led out by a risk aware tone from the top and a bottom-up reporting process.

Elements of Control Environment

In addition to the key structures referred to above, the Gas Networks Ireland Board confirms a control environment, containing the following elements, was in place in Ervia:

- Responsibility by management at all levels for internal control and risk management.
- A Corporate Governance Framework, including financial control and risk assessment. This was monitored by the Executive team and by the Internal Audit and Risk functions.
- Clearly defined organisational structure, with defined authorisation limits and reporting mechanisms to higher levels of management and to the Board.
- A comprehensive set of policies and procedures relating to operational and financial controls, including capital expenditure. Large capital projects required Board approval and were closely monitored on an ongoing basis by the Ervia Finance and Investment Committee.

- Established processes to identify and evaluate business risks by identifying the nature, extent and implication of risks (including financial) facing the Group including the extent and categories which it regards as acceptable. Other processes to identify and evaluate business risks included assessing the likelihood of identified risks occurring and assessing the Ervia's ability to manage and mitigate the risks that do occur through associated mitigation plans and strategies.
- Appropriate segregation of duties and documentation of processes and controls that are focused on preventing and detecting fraud.
- A comprehensive budgeting system with an annual budget which was reviewed and agreed by the Board.
- A comprehensive system of financial reporting.
- A comprehensive set of management information and performance indicators, produced quarterly, enabling progress against longer-term objectives and annual budgets to be monitored.
- Internal policies requiring all employees to act with integrity and maintain the highest ethical standards. These policies include the Code of Conduct, Anti-Fraud, Bribery and Corruption Policy, Regulation of Lobbying Policy and Protected Disclosures Policy.
- A comprehensive anti-fraud programme including Anti-Fraud, Bribery and Corruption Policy, a 'Doing the right thing' campaign with quarterly integrity conversations, and staff training programmes.
- Systematic reviews of internal financial and operational controls by the internal audit function. In these reviews, emphasis was focused on areas of greater risk as identified by risk assessment.
- An internal control framework assessment that involves undertaking an extensive risk assessment, reviewing the operation and effectiveness of key control policies and processes, internal control self-assessment reporting, performance reporting, supported by the assurance activities of Risk, Internal and External Audit.

Report of the Board (continued)

Ongoing Monitoring and Review

Ervia had a robust framework to review the adequacy and monitor the effectiveness of internal controls covering financial, operational and compliance as well as risk management processes.

The Gas Networks Ireland Board is satisfied that the Ervia system of internal control in place was appropriate. The monitoring and review of the effectiveness of the system of internal control was informed by the work of managers within the Group who have responsibility for the development and maintenance of the internal control framework. This was supplemented by the ARC who oversaw the work of the Risk and Governance functions, the work of Internal Audit and comments made by the external auditor in their management letter and/or other reports. Control deficiencies were communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way.

Ongoing monitoring by management included:

- Review and consideration of the programme of internal audit and consideration of its reports and findings. The programme of Internal Audit was also reviewed by the ARC.
- Review of regular reporting from internal audit on the status of the internal control environment, and the status of issues raised previously from their own reports. Reports were also reviewed by the ARC.
- Executive members participation in the Integrated Assurance Forum.
- Executive members participation in the Risk Management Committee.
- Monthly meetings which included financial, risk, internal audit and operational matters.

Ongoing monitoring by the Ervia included;

- Review of Ervia Risk Profile.
- Review and consideration of the report from the Chairperson on the effectiveness of the operation of the systems of internal control, both financial and operational.
- Review of reports from the external auditor, which contain details of any material financial control issues.

Ongoing monitoring by the ARC included;

- Review of the Integrated Assurance Forum reports over the system of internal control on a quarterly basis.
- Review of the Ervia Risk Profile on a quarterly basis.
- Review of reports from the Internal Audit function which contain details of control issues and status updates on close out of open internal audit recommendations.
- Review of reports from the external auditor, which contain details of any material internal financial control issues.
- Review and consideration of the report from the Chief Executive Officer on the effectiveness of the operation of the systems of internal control, both financial and operational.

Capital and Operational Expenditure

Robust and effective systems are in place to ensure compliance, as appropriate, with the relevant principles and requirements of the recently published Infrastructure Guidelines (replacing the 2019 Public Spending Code set of guidelines). Transitioning activity relating to the updated Infrastructure Guidelines continued up to Ervia's dissolution on 1st June 2024 to ensure compliance with any additional requirements.

The Procurement Policy (PD02) details the procedures followed by the Ervia Group to support procurement requirements in the organisation. Application of PD02 ensures that value for money is obtained in procurement practices, EU and Irish laws relating to public procurement are adhered to, tender processes are appropriately managed, and governance and management oversight of the procurement process is maintained across the Ervia Group.

The Expenditure and Contract Approval Policy (PD03) sets out the financial expenditure and contract governance framework including the authorisation process and authority levels for capital and operational expenditure, applicable to the Ervia Group. All expenditure and contract approvals were required to comply with the requirements of the Governance Framework and PD03.

Report of the Board (continued)

The financial expenditure and contract governance framework is aligned with the value for money criteria in the updated Infrastructure Guidelines, as published by the Department of Public Expenditure and Reform in December 2023.

All capital expenditure required compliance with national and EU procurement requirements in addition to compliance with any requirements that may be set by the CRU, environmental and planning related requirements and national, regional and local infrastructural priorities. Appropriate investment appraisal methods were used in respect of capital projects and programmes in order to facilitate effective decision making. Capital projects and programmes were assessed and delivered using a robust 5 stage approval process.

The capital commitments process operates on the basis that the company requests the relevant Ministerial consents in advance for an overall envelope of capital commitments to be entered into during the following financial year.

Separate Ministerial consents were requested in advance of committing to any individual capital project or new capital programme costing €40m or greater for regulated expenditure and €15m for unregulated expenditure. Ministerial consents were submitted to the parent Department and other relevant government departments involved in the consenting process for the specific application. In addition, requests for ministerial approval were submitted to NewERA who provide project specific financial and commercial advice to the Department of Housing, Local Government and Heritage, prior to the granting of Ministerial consent.

Capital investments including contracts with a value in excess of €3.5m were presented to the (executive) Expenditure Approval Committee ('EAC') for detailed review and approval and all capital expenditure greater than €10m were presented for Board approval.

The Board was kept apprised of the status of capital projects and programmes as they progressed, including updates on implementation against plan, timescales and quality. Budget and variance reporting were also presented to the Board. All projects have specific objectives against which they are measured. Tenders and subsequent contracts included strict delivery requirements as well as KPIs which are used to measure performance throughout the course of the contract. Post project reviews and financial close reports were presented to the EAC, the Board, the Finance and Investment Committee for evaluation depending on the value of the project or programme. Project close out and annual programme reviews meetings facilitated a key 'lessons learned' approach which were assessed, tracked and implemented as part of existing and future projects across the Ervia Group as appropriate.

General Data Protection Regulation (GDPR)

The Data Protection Officer has not raised any significant areas of concern regarding non-compliance with regards to legislative requirements under GDPR.

Review of effectiveness

The Gas Networks Ireland Board has reviewed the effectiveness of the Ervia system of internal control, covering financial, operational and compliance controls and risk management systems during the period from 1st January 2024 up to its dissolution on 1st June 2024. A detailed review was performed by the Gas Networks Ireland Audit and Risk Committee, which reported on its findings to the Gas Networks Ireland Board.

Internal Control issues

No weaknesses in internal control were identified in relation to the period from 1st January 2024 up to its dissolution on 1st June 2024 that require disclosure in the financial statements.

Going Concern

The financial statements have been prepared on a non-going concern basis. This approach is appropriate due to the dissolution of Ervia on 1st June 2024, pursuant to the Gas (Amendment) and Miscellaneous Provisions Act 2024, which provided for the transfer of all functions, assets, and liabilities of the Ervia statutory corporation, to Gas Networks Ireland.

Report of the Board (continued)

Risk Management

The Board carried out a robust assessment of the principal risks facing the organisation during the period up to its dissolution on 1st June 2024. The key risks and the mitigating actions taken remained broadly consistent to those as set out in the Ervia 2023 Annual Report.

Shareholder Relationship

Ervia operated independently from its parent Department (the Department of Housing, Local Government and Heritage), but engaged in active and ongoing consultation with its parent Department as required by legislation and the Code.

Board Members' Interests

The former Board Members had no interest in Ervia or its subsidiary companies during the reporting period. The Gas Networks Ireland Board is satisfied that all Board members were free from any business or other relationships that could materially affect, or could appear to affect, the exercise of their independent judgement.

The former Board members may have held directorships, executive positions or have had interests in third party companies, including banks and financial institutions, some of which (or their affiliates) may, in the normal course of business, transact on an arm's length basis with Ervia or its subsidiaries. All Board members disclosed any interest and recused themselves from Board discussions and decisions where they were conflicted or had a direct or indirect interest as required by the Code. In such cases, a separate record (to which the Board Member does not have access) was maintained.

Performance Evaluation

The Board approves an annual budget that supports the corporate plans. Actual performance versus plan and budget is evaluated annually.

Accounting Records

The Gas Networks Ireland Board is satisfied that appropriate systems and resources were in place, including the appointment of suitably qualified accounting personnel with appropriate expertise, to maintain adequate accounting records, to ensure compliance with Ervia's obligation to keep adequate accounting records. The books of account of Ervia are held at Gasworks Road, Cork.

External Auditor

Ministerial consent was received to appoint KPMG as auditors to Ervia in respect of any accounts prepared by, or in respect of, Ervia during and/or relating to, any period between the period from 1st January 2024 up to its dissolution on 1st June 2024.

For and on behalf of the Board:



Kevin Toland
Chairperson



Keith Harris
Director
Date: 27 September 2024

Audit and Risk Committee report



Keith Harris
Chairperson, Audit and Risk Committee

As Chairperson of the Audit and Risk Committee, I am pleased to present the Audit and Risk Committee Report for the period up to its dissolution on 1st June 2024.

In accordance with the unitary board structure that was in place in Ervia, the Audit and Risk Committee

(“the Committee”) was established at the Ervia Group level and acted in respect of Ervia and its subsidiaries (“the Group”). This report provides an insight into the workings of the Committee over the period from 1st January 2024 up to its dissolution on 1st June 2024 and details how the Committee has met its responsibilities under its Terms of Reference and under the Code of Practice for the Governance of State Bodies (“the Code”). The membership and responsibilities of the Committee transitioned to the Gas Networks Ireland Audit and Risk Committee on the dissolution of Ervia on 1st June 2024.

During the period the Committee dedicated significant time to fulfilling its key oversight responsibilities. It engaged regularly with senior management, internal audit, risk management and the Group’s statutory auditor. In addition, in order to discharge its duties effectively, it pursued a full agenda of reviews in its meetings throughout the period. In fulfilling his key oversight responsibilities, the Chairperson of the Committee met separately with senior management, internal audit, risk management and the Group’s statutory auditor on a regular basis.

Role and responsibilities of the Audit and Risk Committee

The role of the Committee was to support the Board in relation to its responsibilities for the following matters:

- Financial reporting
- Risk management
- Internal controls
- Internal audit
- External audit
- Other related activities, including policies and procedures on protected disclosures, anti-fraud, bribery and corruption.

The Chairperson of the Committee reported to the Board on the matters addressed at each Committee meeting, and the Board received all of the Committee’s minutes and papers for Committee meetings. The Committee’s Terms of Reference set out the Committee’s roles and responsibilities in detail. These were reviewed annually.

Audit and Risk Committee report (continued)

Membership

The Committee comprised of four independent Non-Executive Board Members. Members of the Committee were appointed by the Ervia Board in consultation with the Chairperson of the Committee. For details of membership and attendance at meetings in the period from 1st January 2024 to 1st June 2024, see page 12. The Committee was independent from the management of the Group.

Financial Reporting

The Committee was responsible, on behalf of the Board, for monitoring the integrity of the preparation of the Group’s Financial Statements and for reviewing the financial reporting judgements contained therein. The Financial Statements are prepared on behalf of the Board by a finance team with the appropriate qualifications and expertise.

During the period from 1st January 2024 up to its dissolution on 1st June 2024 the Committee reviewed the 2023 draft financial statements before recommending their approval by the Board. The Committee also reviewed the 2023 draft financial statements of Gas Networks Ireland, prior to their approval by the subsidiary board. The Committee considered, and discussed with the Chief Executive Officer, Chief Financial Officer and the external auditor, the appropriateness of the significant accounting standards and policies, estimates and judgements applied in preparing these financial statements, together with the clarity and completeness of the disclosures in the Annual Report and Financial Statements.

Risk Management

The Committee was responsible, on behalf of the Board, for monitoring the Group’s risk management activities, developments in key risks and progress in delivery of the target risk profile, enabling the Board to confirm annually that it carried out an assessment of the Group’s principal risks.

During the period from 1st January 2024 up to its dissolution on 1st June 2024 the Committee reviewed, in conjunction with senior management, the risk profile, risk management policies, high impact/low probability exposures and risk appetite and target profile for approval by the Board. The Committee reviewed a presentation on a selection of principal risks and discussed with senior management the material internal controls that exist to mitigate these risks.

Internal Controls

The Committee was responsible, on behalf of the Board, for reviewing the appropriateness and completeness of the Group’s system of internal control and reviewing whether the system of internal control operated effectively during the reporting period and gives appropriate early warning of any failures and emerging risks.

Ervia had responsibility under the Code for ensuring that an effective system of internal control is maintained and operated. Ervia pursued this responsibility across its business units through senior management and through its “Integrated Assurance Forum”, a management body which collates evidence from the various control activities performed across the Group organisation to build a comprehensive picture of internal control. Integrated Assurance provides a greater understanding of the assurance activities in place and makes recommendations for their enhancement, in order to mitigate risk and maximise governance oversight, helping also to identify and remediate any assurance gaps.

Internal Audit

The Committee was responsible, on behalf of the Board, for monitoring and reviewing the effectiveness and scope of the internal audit function including its plans, activities and resources so as to ensure it can effectively review the operation of the Group’s controls over significant risks within the Group organisation.

During the period from 1st January up to its dissolution on 1st June 2024, the Committee reviewed the plan and work undertaken by the Internal Audit team and the consequent actions to be taken by management. The Committee was informed by the Head of Internal Audit of the findings of internal audit reviews. The Committee also considered management’s progress in addressing relevant issues, including the nature, extent and timeliness of its responses.

During the period from 1st January 2024 up to its dissolution on 1st June 2024, Ervia continued to promote integrity and to emphasise the importance of ethical behaviour across the organisation through the roll-out of the ‘Doing the Right Thing’ campaign.

The campaign involves a number of initiatives including updates to the suite of ethics related to corporate policies, rollout of training, promotion of a “speaking up” culture and quarterly integrity conversations focusing on topical integrity subjects.

Audit and Risk Committee report (continued)

External Audit

The Committee was responsible, on behalf of the Board, for monitoring the external audit process. The Committee monitored the integrity of the Group's financial statements and reviewed the appropriateness of the accounting policies and financial reporting issues contained therein having regard to matters communicated to it by the external auditor. The Committee also reviewed the external auditor's reports and findings in relation to the audit and discussed them with the external auditor.

The Committee was also responsible, on behalf of the Board, for reviewing and monitoring the independence and remuneration of the external auditor. The Committee took appropriate steps to ensure that an objective and professional relationship was maintained with the external auditor.

During the period from 1st January 2024 up to its dissolution on 1st June 2024 the Committee carried out an assessment of auditor independence and objectivity which included reviewing:

- The nature and extent of the services provided, and fees earned, for external audit and non-audit work carried out by the external auditor.
- Compliance with the Group's policy governing the provision of non-audit services to the Group whereby clear rules and limits are in place, permitting non-audit services which do not present a conflict of interest.
- Assurances provided by the external auditor in this regard.

Audit and non-audit service fees are set out in Note 3 of the Financial Statements. There were no instances during the period from 1st January 2024 to 1st June 2024 where the external auditor was engaged to provide services which were deemed to give rise to a conflict of interest. The Committee also monitored the external auditor's compliance with relevant regulatory, ethical and professional guidance. The Committee is satisfied that KPMG is both independent and objective.

Audit and Risk Committee Effectiveness

The Committee completes an annual review of its own effectiveness. For period from 1st January 2024 up to its dissolution on 1st June 2024 this review did not take place. The Gas Networks Ireland Audit and Risk Committee carried out an effectiveness review in July 2024.

On behalf of the Audit and Risk Committee:



Keith Harris
Chairperson, Audit and Risk Committee
27 September 2024

Financial statements

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Independent Auditor's Report to the Members of Ervia

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ervia ('the Company') for the period ended 1 June 2024 set out on pages 23 to 45, which comprise the Income statement, Statement of other comprehensive income, Balance sheet, Statement of changes in equity, Statement of cashflows and related notes, including the material accounting policies set out in note 1.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 1 June 2024 and of the Company's result for the period then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and EU-endorsed IFRS as adopted by the EU; and
- the financial statements have been properly prepared in accordance with the requirements of the Gas Acts 1976 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) 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 Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter

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 Report of the Board. 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.

Report on other legal and regulatory matters

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Independent Auditor's Report to the Members of Ervia (continued)

Matters on which we are required to report by exception

Under the Code of Practice for the Governance of State Bodies ("the Code") we are required to report to you if the statement regarding the system of internal financial control required under the Code as included in the Governance Statement does not reflect the Group's compliance with paragraph 1.9 (iv) of the Code or if it is not consistent with the information of which we are aware from our audit work on the financial statements and we report if it does not.

Respective responsibilities and restrictions on use

Responsibilities of Board for the financial statements

As explained more fully in the Board's responsibilities statement set out on page 10, the Board 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.

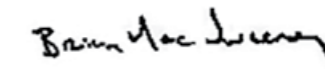
Auditor's responsibilities for the audit of the financial statements

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 (Ireland) 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 IAASA's website at <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>.

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 Section 15 of the Gas Act 1976. 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.



Brian MacSweeney

for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
85 South Mall
Cork
Ireland

08 October 2024

Income Statement

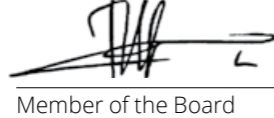
for the period ended 01 June 2024 and year ended 31 December 2023

	Notes	P/E 01 June 2024 €'000	31 Dec 2023 €'000
Revenue		-	-
Operating costs	3	(835)	(3,262)
Operating loss before depreciation and amortisation (EBITDA)		(835)	(3,262)
Operating loss		(835)	(3,262)
Finance income	5	44,418	20,592
Finance costs	5	(1)	(41)
Net finance income	5	44,417	20,551
Profit before income tax		43,582	17,289
Income tax	6	186	80
Profit for the period		43,768	17,369
Profit attributable to:			
Owners of the Parent		43,768	17,369
Profit for the period		43,768	17,369

For and on behalf of the Board:



Chairperson



Member of the Board

27 September 2024

Date of Approval

Statement of Other Comprehensive Income

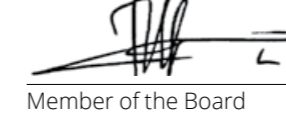
for the period ended 01 June 2024 and year ended 31 December 2023

	Notes	P/E 01 June 2024 €'000	31 Dec 2023 €'000
Profit for the period		43,768	17,369
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Defined benefit plan actuarial gain		15,026	13,176
Remeasurement of other pension assets		(326)	1,136
Deferred tax relating to defined benefit obligations	6	(1,838)	(1,789)
Total items that will not be reclassified to profit or loss		12,862	12,523
Total other comprehensive income for the period		12,862	12,523
Total comprehensive income for the period		56,630	29,892
Total comprehensive income attributable to:			
Owners of the Parent		56,630	29,892
Total comprehensive income for the period		56,630	29,892

For and on behalf of the Board:



Chairperson



Member of the Board

27 September 2024

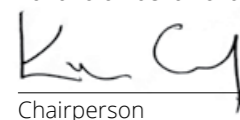
Date of Approval

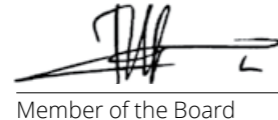
Balance Sheet

as at 01 June 2024 and 31 December 2023

	Notes	01-Jun-24 €'000	31-Dec-23 €'000
Assets			
Non-current assets			
Retirement benefit asset	11	-	13,620
Investment in subsidiary	7	-	688,298
Total non-current assets		-	701,918
Current assets			
Trade and other receivables	8	-	218
Cash and cash equivalents	9	-	2,323
Total current assets		-	2,541
Total assets		-	704,459
Equity and liabilities			
Equity			
Retained earnings		-	(702,563)
Total equity		-	(702,563)
Liabilities			
Non-current liabilities			
Deferred tax liabilities	6	-	(1,817)
Total non-current liabilities		-	(1,817)
Current liabilities			
Trade and other payables	13	-	(14)
Current tax liabilities	6	-	(65)
Total current liabilities		-	(79)
Total liabilities		-	(1,896)
Total equity and liabilities		-	(704,459)

For and on behalf of the Board:


Chairperson


Member of the Board

27 September 2024
Date of Approval

Statement of Changes in Equity

for the period ended 01 June 2024 and year ended 31 December 2023

	Notes	Retained earnings €'000
At 01 January 2023		(700,925)
Profit for the year		(17,369)
Transfer to Uisce Éireann	2(iii)	945
Other comprehensive income for the year		(12,523)
Total comprehensive income for the year		(28,947)
Dividends	16	27,309
At 31 December 2023		(702,563)
Profit for the year		(43,768)
Other comprehensive income for the year		(12,862)
Total comprehensive income for the year		(56,630)
Dividends declared	16	44,018
Transfer of investment in Gas Networks Ireland to Government	2(i)	688,298
Transfer of assets and liabilities to Gas Networks Ireland	2(ii)	26,877
At 01 June 2024		-

All attributable to owners of the Ervia statutory corporation.

Statement of Cash Flows

for the period ended 01 June 2024 and year ended 31 December 2023

	Notes	P/E 01 June 2024 €'000	31 Dec 2023 €'000
Net cash from operating activities	10	169	(2,589)
Cash flows from investing activities			
Dividends received	5	-	18,869
Interest repayment received (loan to subsidiary)		-	7,422
Receipt relating to the sale of Energy division		-	1,440
Net cash from investing activities		-	27,731
Cash flows from financing activities			
Repayment of loan from subsidiary undertaking		-	5,100
Dividends paid	16	-	(32,409)
Transfer under common control	2(ii)/(iii)	(2,492)	(12,202)
Net cash used in financing activities		(2,492)	(39,511)
Net decrease in cash and cash equivalents	9	(2,323)	(14,369)
Cash and cash equivalents at 01 January	9	2,323	16,692
Cash and cash equivalents at 01 June / 31 December	9	-	2,323

Notes to the financial statements

1. Statement of Accounting Policies
2. Assets and Liabilities Transferred Under Common Control
3. Operating Costs
4. Employee Benefits
5. Net Finance Income
6. Tax
7. Investment in Subsidiary
8. Trade and Other Receivables
9. Cash and Cash Equivalents
10. Cash Generated from Operations
11. Retirement Benefit Asset
12. Grants
13. Trade and Other Payables
14. Contingent Liabilities
15. Related Parties
16. Dividends
17. Subsidiaries
18. Subsequent Events

Notes to the financial statements

1. Statement of Accounting Policies

Basis of preparation

Ervia, a statutory corporation established under the Gas Act 1976 and domiciled in Ireland, was dissolved with effect from 1st June 2024, pursuant to the Gas (Amendment) and Miscellaneous Provisions Act 2024, that provided for the transfer of all functions, assets, and liabilities of the Ervia statutory corporation on that date. Refer to note 2(ii) for details of the assets and liabilities transferred to Gas Networks Ireland.

The dissolution financial statements of the Ervia statutory corporation are prepared by Gas Networks Ireland, formerly a wholly owned subsidiary of Ervia, pursuant to section 18 of the Gas (Amendment) and Miscellaneous Provisions Act 2024. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRS Interpretations Committee (IFRIC) agenda decisions, effective for accounting periods beginning on or after 1st January 2024. The financial statements are presented in euro, rounded to the nearest thousand and are prepared on a historical cost basis. These policies have been consistently applied to all periods presented in these financial statements, with the exception of adoption of the new standards (as set out below).

According to Paragraph 2 of IFRS 10, an entity (the parent) that controls one or more other entities (subsidiaries) is required to present consolidated financial statements. Since Ervia has disposed of its investment in Gas Networks Ireland during the current financial reporting period, it is no longer considered a parent at the reporting date. Consequently, consolidated financial statements are not required.

Going Concern

The financial statements have been prepared on a non-going concern basis. This approach is appropriate due to the integration of the Ervia statutory corporation into Gas Networks Ireland on 1st June 2024, pursuant to the Gas (Amendment) and Miscellaneous Provisions Act 2024, which provided for the transfer of all functions, assets, and liabilities of the Ervia statutory corporation, to Gas Networks Ireland. As a result, the going concern assumption is not applicable for the entity, however the assets and liabilities that have been transferred to Gas Networks Ireland are unaffected.

Period of Account

These financial statements have been prepared for the period from 1st January 2024 to the date of dissolution on 1st June 2024.

New IFRS accounting standards effective for the period ended 01 June 2024

The Group has adopted the following amendments to standards, which have had no material impact on the Group's results or financial statement disclosures:

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements.
- Amendments to IAS 1 Presentation of Financial Statements: Non-current liabilities with Covenants.
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - Deferral of Effective Date.
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current.
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback.

Notes to the financial statements (continued)

1. Statement of Accounting Policies (continued)

New IFRS accounting standards and interpretations not yet adopted

The following new accounting standards and amendments to existing standards have been issued but are not yet effective for this accounting period or have not yet been endorsed by the EU:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.
- Amendments to IAS IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments.
- IFRS 18 Presentation and Disclosure in Financial Statements 2024.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

Material Accounting Policy Information

a) Transfer of assets and liabilities to an entity under common control

Where assets and liabilities are transferred between entities that are under common control at the date of the transfer, the assets and liabilities are not measured at their fair values and instead are measured based on the carrying values. Differences between the aggregate carrying value of the assets and liabilities (as of the date of the transaction) that are transferred and any consideration that is received are included in equity as a capital distribution. The carrying amount of assets at the date of the transaction reflect any impairment losses.

b) Investment in subsidiaries

Investments in subsidiaries are carried at cost less any impairment charges.

c) Retirement benefit asset

Defined benefit pension scheme

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial reviews being carried out at each reporting date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in other comprehensive income.

Past service cost is recognised immediately. The current service cost and gains and losses on settlements and curtailments are charged to operating costs, or to provisions in the instances where the associated costs were provided for initially as part of the recognition of a restructuring provision. The pension net interest cost is calculated by applying the discount rate at the beginning of the period to the net defined liability or asset.

The retirement benefit asset recognised in the balance sheet represents the present value of the defined benefit obligation of the scheme and the fair value of the scheme's assets. The fair value of the reimbursement rights is recognised when Ervia is entitled to recover the cost of funding prior pensionable service from other public sector bodies where qualifying employees transfer their pensionable service entitlements, arising from service with other public sector bodies, to the Ervia scheme in accordance with the Public Service Transfer Network, which is governed by Section 4 of the Superannuation and Pensions Act 1963.

d) Financial Assets and Liabilities

Trade and other receivables

Trade and other receivables are initially recognised at the transaction price receivable and are subsequently carried at this value as there is no significant financing component less an appropriate allowance for expected credit losses. Impairment losses are provided for using a lifetime expected credit loss model, with the expected impairment being recognised as an expense in operating costs. Where required, the expected credit loss amount is calculated by applying expected loss rates, based on actual historical cash collection performance, to the aged debt profile with future macro-economic factors and factors specific to the debtors taken into consideration.

Amounts due from subsidiary companies

Amounts due from subsidiary company undertakings are non-derivative financial assets which are not quoted in an active market. They are included in current trade and other receivables in the Parent balance sheet, except for those with an expectation of collection greater than twelve months after the balance sheet date, which are included in non-current trade and other receivables. These are initially recorded at transaction price and subsequently accounted for at amortised cost less expected credit loss.

Notes to the financial statements (continued)

1. Statement of Accounting Policies (continued)**Cash and cash equivalents**

Cash includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Where the conditions and intention for offset exists, cash balances are combined with overdraft balances and this combined balance is presented on the balance sheet.

Trade and other payables

Trade and other payables are initially recorded at fair value, which is usually the original invoiced amount plus any directly attributable transaction costs, and subsequently carried at amortised cost using the effective interest rate method.

e) Net Finance Income/Costs

Finance costs comprise effective interest on borrowings and net pension interest costs. The pension net interest cost is calculated by applying the discount rate at the beginning of the period to the net defined liability or asset.

Finance income comprises interest income on funds invested and dividends received. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

f) Income Tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset where there is a legally enforceable right of offset within the same tax authority and where the intention is to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

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

Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset within the same tax authority and where the intention is to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the financial statements (continued)

2. Assets and Liabilities Transferred Under Common Control**(i) Transfer to Irish Government Shareholders - 01 June 2024**

Pursuant to the Gas (Amendment) and Miscellaneous Provisions Act 2024, on 1st June 2024, Ervia's shares in Gas Networks Ireland were cancelled and 100 new shares were issued by Gas Networks Ireland for nil consideration to the relevant Ministers. The transaction below represents the carrying value of Ervia's investment in Gas Networks Ireland, carried at cost less any impairment charges.

		01-Jun-24 €'000
Investment in Gas Networks Ireland	7	688,298
Total transferred		688,298

(ii) Transfer to Gas Networks Ireland - 01 June 2024

Pursuant to the Gas (Amendment) and Miscellaneous Provisions Act 2024, on 1st June 2024, all remaining assets and liabilities of the Ervia statutory corporation were transferred to Gas Networks Ireland.

		01-Jun-24 €'000
Cash and cash equivalents	9	2,492
Retirement benefit asset	11	27,724
Deferred tax liabilities	6	(3,465)
Trade and other receivables - dividend due from Gas Networks Ireland ¹	8	44,018
Trade & other payables - dividend payable to the Exchequer ¹	13	(44,018)
Trade and other receivables - other	8	210
Trade & other payables - accruals	13	(10)
Current tax liability	6	(74)
Total transferred		26,877

¹ The 2024 dividend declared by Gas Networks Ireland of €44.018m (as set out in note 5) had not been paid to Ervia prior to its dissolution on 01 June 2024. Pursuant to the Gas (Amendment) and Miscellaneous Provisions Act 2024, Gas Networks Ireland assumed the dividend liability by Ervia to the Irish state of €44.018m (as set out in note 16) in place of this liability.

(iii) Transfer to Uisce Éireann - Period Ended 31 December 2023

Pursuant to the legal separation of Uisce Éireann from Ervia on 1st January 2023, Uisce Éireann established a separate Superannuation Scheme to provide mirror image pension benefits, for eligible employees that transferred from Ervia, in respect of future service and a 'wrap-around' design to maintain the link to final salary in respect of pensionable service completed prior to the transfer. The table below sets out the associated impacts on Ervia.

		31 Dec 2023 €'000
Defined benefit obligation derecognised		12,866
Associated Deferred Tax asset derecognised		(1,609)
Cash compensation paid to Uisce Éireann		(12,202)
Total transferred		(945)

Notes to the financial statements (continued)

3. Operating Costs

	P/E 01 June 2024	31 Dec 2023
	€'000	€'000
Employee benefit expense ¹	4 (835)	(3,262)
Hired and contracted services	-	(17)
Rates and facilities	-	(1)
Other operating expenses	(56)	(151)
Recharges to subsidiary - Gas Networks Ireland	56	169
Total¹	(835)	(3,262)

¹ Total operating costs after recharges comprise non-cash pension costs (i.e. the net defined benefit cost in accordance with IAS 19 Group Plans), that are not recharged to Gas Networks Ireland.

Operating costs are stated after charging: ^{2/3}**(a) Auditor's remuneration²**

KPMG was appointed as the statutory auditor on 12 July, 2023, for the period beginning 1st January 2024. The audit fees for 2024, detailed below, pertain to services provided by KPMG. The comparative audit fees for 2023 are solely related to Deloitte Ireland LLP.

	P/E 01 June 2024	31 Dec 2023
	€'000	€'000
Audit of the financial statements	(41)	(33)
Other assurance services	-	(11)
Tax advisory services	-	-
Other non-audit services	-	(4)
Total	(41)	(48)

(b) Board members' emoluments

	P/E 01 June 2024	31 Dec 2023
	€'000	€'000
Fees	(59)	(142)
Remuneration of the Chief Executive Officer ³	(111)	(269)
Total	(170)	(411)

Details of the all-in cost of the remuneration package of the Chief Executive Officer is as follows:

	P/E 01 June 2024	31 Dec 2023
	€'000	€'000
Basic salary	(94)	(225)
Other short-term employee benefits	(5)	(13)
Post-employment benefits - pension contributions	(12)	(31)
Total	(111)	(269)

² Auditor's remuneration fees were incurred directly by Gas Networks Ireland in 2023 and 2024, on behalf of Ervia.

³ The CEO's remuneration was incurred directly by Gas Networks Ireland in 2023 and 2024, on behalf of Ervia.

Notes to the financial statements (continued)

4. Employee Benefits**Aggregate employee benefits**

	P/E 01 June 2024	Dec 2023
	€'000	€'000
Post-employment benefits - defined benefit scheme ¹	(835)	(3,262)
Employee benefit expense charged to profit or loss	(835)	(3,262)

¹ Comprised of unallocated non-cash pension costs attributable to the eligible employees of Gas Networks Ireland, who participated in the Ervia defined benefit scheme.

The average monthly number of employees providing services to the Parent was nil for 2024 (2023: nil).

5. Net Finance Income

	P/E 01 June 2024	Dec 2023
	€'000	€'000
Before remeasurements		
Dividends receivable from Gas Networks Ireland	44,018	18,869
Interest Income on short-term deposits	16	93
Change in estimate of cash flow on contingent consideration	-	1,440
Net interest on the net defined benefit asset/liability	292	(16)
Net interest on other pension assets	92	206
Other finance costs	(1)	(31)
Total before remeasurements	44,417	20,561
Remeasurements		
Net changes in fair value of financing derivatives	-	(10)
Total remeasurements	-	(10)
Total		
Finance income	44,418	20,592
Finance costs	(1)	(41)
Net finance income	44,417	20,551

6. Tax**Income tax**

	P/E 01 June 2024	Dec 2023
	€'000	€'000
Current tax		
Current tax	(4)	(1,898)
	(4)	(1,898)
Deferred tax		
Origination and reversal of temporary differences	75	1,968
Adjustments in respect of previous years	115	10
	190	1,978
Total income tax	186	80

Notes to the financial statements (continued)

6. Tax (continued)**Reconciliation of effective tax rate**

	P/E 01 June 2024 €'000	31 Dec 2023 €'000
Profit before tax	43,582	17,289
Taxed at 12.5% (2023: 12.5%)	(5,448)	(2,161)
Expenses not deductible for tax purposes	19	(269)
Income not taxable	5,502	2,539
Adjustments to income	(2)	(39)
Adjustments in respect of previous years	115	10
Total income tax	186	80

Current tax assets and liabilities

	01-Jun-24 €'000	31-Dec-23 €'000
Current tax liabilities	(74)	(65)
Transfer to Gas Networks Ireland	74	-
Total	-	(65)

Deferred tax assets and liabilities

	Pension obligations €'000	Interest payable €'000	Other €'000	Total €'000
At 01 January 2023	1,348	(1,753)	8	(397)
Recognised in income statement	225	1,753	-	1,978
Recognised in equity	(1,789)	-	-	(1,789)
Transferred to related party	(1,609)	-	-	(1,609)
At 31 December 2023	(1,825)	-	8	(1,817)
Recognised in income statement	198	-	(8)	190
Recognised in equity	(1,838)	-	-	(1,838)
Transfer to Gas Networks Ireland	3,465	-	-	3,465
At 01 June 2024	-	-	-	-

The following deferred tax assets were not recognised in the balance sheet as it was not probable that they will be recovered for the foreseeable future. There is no expiry date as to when tax losses can be utilised.

	01-Jun-24 €'000	31-Dec-23 €'000
Capital losses	-	396

Notes to the financial statements (continued)

7. Investment in Subsidiary

	01-Jun-24 €'000	31-Dec-23 €'000
Cost		
At 1 January	688,298	688,298
Additions	-	-
Cancellation of shares in Gas Networks Ireland	2 (688,298)	-
At 01 June 24 & 31 December 23	-	688,298
Impairment		
At 01 June 24 & 31 December 23	-	-
Carrying amount		
At 01 June 24 & 31 December 23	-	688,298

8. Trade and Other Receivables

	01-Jun-24 €'000	31-Dec-23 €'000
Dividend due from Gas Networks Ireland subsidiary	16	-
Other receivables	-	218
Total	-	218
Analysed as follows:		
Current	-	218
Total	-	218

On 1st June 2024 €44.3 million of trade and other receivables were transferred to Gas Networks Ireland, refer to note 2.

The Ervia statutory corporation applied the IFRS 9 simplified approach (which uses a lifetime Expected Credit Losses (ECL)) to measure ECL for all trade and other receivables, with the exception of certain amounts due from subsidiaries, which were measured using the IFRS 9 general approach. There were no ECL allowances recognised during the periods.

Notes to the financial statements (continued)

9. Cash and Cash Equivalents

Cash and cash equivalents are held for the purposes of meeting short-term cash commitments.

	01-Jun-24 €'000	31-Dec-23 €'000
Short-term bank deposits	-	1,000
Cash at bank	-	1,323
Transfer to Gas Networks Ireland	-	-
Total	-	2,323

On 1st June 2024 €2.5 million of cash and cash equivalents were transferred to Gas Networks Ireland, refer to note 2.

	01-Jun-24 €'000	31-Dec-23 €'000
At 1 January	2,323	16,692
Increase/decrease in cash and cash equivalents in the statement of cash flows	169	(14,369)
Transfer to Gas Networks Ireland	(2,492)	-
Total	-	2,323

10. Cash Generated from Operations

	Notes	2024 €'000	2023 €'000
Cash flows from operating activities			
Profit for the year		43,768	17,369
Adjustments for:			
• Net finance income	5	(44,417)	(20,551)
• Retirement benefit cost	4	835	3,262
• Income tax (credits)	6	(186)	(80)
		-	-
Working capital changes:			
Change in trade and other receivables		212	378
Change in trade and other payables		(63)	(795)
Cash from operating activities		149	(417)
Interest received/(paid)		15	(345)
Income tax received/(paid)		5	(1,827)
Net cash from operating activities		169	(2,589)

Notes to the financial statements (continued)

11. Retirement Benefit Asset**Defined benefit scheme**

On 1st June 2024, the Ervia Superannuation Scheme, including all assets and liabilities, was transferred to Gas Networks Ireland in accordance with the Gas (Amendment) and Miscellaneous Provisions Act 2024. The Superannuation Scheme was subsequently renamed as the Gas Networks Ireland Superannuation Scheme.

Transfer to Gas Networks Ireland as at 01 June 2024

	€'000
Fair value of plan assets	524,138
Defined benefit obligation	(502,805)
Net retirement benefit asset (before reimbursement rights)	21,333
Reimbursement rights	6,391
Net retirement benefit asset (after reimbursement rights)	27,724

Defined benefit scheme - background

Prior to its dissolution on 1st June 2024, the Ervia statutory corporation was the sponsoring employer of the Ervia Superannuation scheme. Eligible employees of Gas Networks Ireland participated in the scheme during the period and the scheme continued to be accounted for as a Group Plan in accordance with IAS 19. Therefore, the Ervia corporate body continued to recognise the full IAS 19 retirement benefit asset and the net defined benefit cost during the period, while Gas Networks Ireland continued to recognise only the cost of contributions payable for the period in respect of its employees.

On 1st June 2024, the plan assets, pension obligations and reimbursement rights at that date, were transferred to Gas Networks Ireland, as follows:

	01-Jun-24 €'000	31-Dec-23 €'000
Investments quoted in active markets:		
Equities	118,509	128,826
• developed markets	106,367	114,465
• emerging markets	12,142	14,361
Bonds	288,460	303,852
• Government debt	234,839	226,475
• Non-government debt	53,621	77,377
Investment funds	78,400	57,675
Cash	1,886	(343)
Unquoted investments:		
Property/forestry	2,698	2,588
Infrastructure	34,185	32,870
Fair value of plan assets	524,138	525,468
Defined benefit obligation	(502,805)	(518,567)
Net retirement benefit asset (before reimbursement rights)	21,333	6,901
Reimbursement rights	6,391	6,719
Net retirement benefit asset (after reimbursement rights)	27,724	13,620
Transfer to Gas Networks Ireland	(27,724)	-
Total	-	13,620

Notes to the financial statements (continued)

11. Retirement Benefit Asset (continued)**Retirement Benefit Asset**

The movement in the net defined benefit asset during the period in 2024 to the transfer date was as follows:

Movement in net retirement benefit asset before reimbursement rights

	Defined benefit liability		Fair value of plan assets		Net defined benefit obligation	
	01-Jun-24 €'000	31-Dec-23 €'000	01-Jun-24 €'000	31-Dec-23 €'000	01-Jun-24 €'000	31-Dec-23 €'000
At 1 January	(518,567)	(502,290)	525,468	485,984	6,901	(16,306)
Income Statement:						
Current service cost	(2,965)	(6,435)	-	-	(2,965)	(6,435)
Past service cost	-	-	-	-	-	-
Plan amendments	-	-	-	-	-	-
Interest on liabilities and assets	(6,916)	(17,871)	7,208	17,855	292	(16)
	(9,881)	(24,306)	7,208	17,855	(2,673)	(6,451)
Other Comprehensive Income:						
Return on plan assets excl. interest income	-	-	(5,959)	28,490	(5,959)	28,490
Experience gains/(losses) on liabilities	(5,839)	2,617	-	-	(5,839)	2,617
Changes in financial assumptions	26,824	(20,945)	-	-	26,824	(20,945)
Changes in demographic assumptions	-	3,014	-	-	-	3,014
Transfer to Uisce Eireann - note 2 (iii)	-	12,866	-	-	-	12,866
	20,985	(2,448)	(5,959)	28,490	15,026	26,042
Contributions by employers	-	-	1,994	3,444	1,994	3,444
Contributions by members	(935)	(2,551)	935	2,551	-	-
Benefits paid	5,602	13,065	(5,508)	(12,856)	94	209
Current service costs - provisions	(9)	(37)	-	-	(9)	(37)
	4,658	10,477	(2,579)	(6,861)	2,079	3,616
Total (before transfer to Gas Networks Ireland)	(502,805)	(518,567)	524,138	525,468	21,333	6,901
Transfer to Gas Networks Ireland	502,805	-	(524,138)	-	(21,333)	-
Total	-	(518,567)	-	525,468	-	6,901

The weighted average duration of the defined benefit obligation at 1st June 2024 was approximately 17-18 years (31 Dec 2023: 18 years).

Notes to the financial statements (continued)

11. Retirement Benefit Asset (continued)

The principal actuarial assumptions used were as follows:

	01-Jun-24	31-Dec-23
Discount rate	3.70%	3.30%
Inflation assumption	2.45%	2.35%
Rate of increase in salaries	2.95%	2.85%
Rate of increase in pensions payment	2.45%	2.35%

The average future life expectancy factored into the valuation, based on retirement age of 65 years for current and future retirees is as follows:

		01-Jun-24	31-Dec-23
Retiring today	Females	24.8	24.8
	Males	22.9	22.9
Retiring in 25 years	Females	26.9	26.9
	Males	25.1	25.0

Defined benefit obligation - reimbursement rights

Prior to its dissolution on 1st June 2024, the Ervia corporate body participated in the Public Service Transfer Network (PSTN). The PSTN is governed by Section 4 of the Superannuation and Pensions Act 1963 and allowed qualifying employees to transfer their pensionable service entitlements, arising from service with other participating public sector bodies, to the Ervia scheme. Ervia was entitled to recover the cost of funding this prior pensionable service from the relevant public bodies in accordance with the provision of the PSTN, when the relevant employee superannuation benefits are paid. Ervia recovered €0.1 million in funding during the period. At 1st June 2024, the fair value of the reimbursement rights, which is deemed to be the present value of the related obligations, was valued at €6.4 million by the scheme actuary under IAS 19 assumptions (31 Dec 2023: €6.7 million) and these reimbursement rights transferred to Gas Networks Ireland in accordance with the Gas (Amendment) and Miscellaneous Provisions Act 2024.

12. Grants

	01-Jun-24 €'000	31-Dec-23 €'000
At 1 January	-	(42)
Receivable in year	-	-
Credited to the income statement	-	42
Total	-	-

There are no unfulfilled conditions attached to grants recognised in the income statement. In certain circumstances grants may become repayable if the conditions laid down in the grant agreements are not adhered to. All obligations of the Ervia statutory corporation regarding grant agreements transferred to Gas Networks Ireland on 1st June 2024.

Notes to the financial statements (continued)

13. Trade and Other Payables

		01-Jun-24 €'000	31-Dec-23 €'000
Dividend due to the Exchequer	16	-	-
Trade payables		-	(2)
Accrued expenses		-	
Other payables		-	(12)
Taxation and social insurance creditors		-	-
Total		-	(14)
Analysed as follows:			
Non-current		-	-
Current		-	(14)
Total		-	(14)

On 1st June 2024 €44million of trade and other payables were transferred to Gas Networks Ireland, refer to note 2.

14. Contingent Liabilities

Ervia Parent was subject to various litigation and claims in the ordinary course of operations prior to dissolution. All contingent liabilities have transferred to Gas Networks Ireland.

15. Related Parties

Ervia, a statutory corporation established under the Gas Act 1976, was 100% beneficially owned by the Irish State.

(a) Common Control Transactions with Gas Networks Ireland and the Irish State

Refer to note 2 for details of assets and liabilities transferred to Gas Networks Ireland and to the Irish State, pursuant to the Gas (Amendment) and Miscellaneous Provisions Act 2024.

(b) Transactions with Gas Networks Ireland Subsidiary

- (i) Refer to note 3 for details of operating costs incurred by Ervia and recharged to Gas Networks Ireland.
- (ii) Refer to note 5 for dividends declared by Gas Networks Ireland to Ervia.
- (iii) Refer to note 8 for details of related party balances due from Gas Networks Ireland.
- (iv) Refer to note 11 for details of payments made by Gas Networks Ireland of €1.994m (2023: €3.444m) to the Ervia Superannuation Scheme, on behalf of participating Gas Networks employees, as set out in note 11.

(c) Dividends to the Irish State

- (i) Refer to note 16 for details of dividend transactions with the Irish State.

(d) Key management compensation and Board members interests

Refer to note 3 for the remuneration details of the Ervia Board and the Ervia Chief Executive Officer. The Board members had no beneficial interests in Ervia at any time during the year or at the reporting date.

Notes to the financial statements (continued)

16. Dividends**Dividend declared**

	2024 €'000	2023 €'000
To the Exchequer	44,018	27,309
Total	44,018	27,309

Dividend paid

	2024 €'000	2023 €'000
Annual dividend paid to the Exchequer	-	25,869
Special dividend on sale of the Energy business paid to the Exchequer	-	1,440
Deferred dividend paid to the Exchequer	-	5,100
Total	-	32,409

In March 2024, the Ervia Board approved the declaration and payment of an annual dividend of €44.018 million (2023: €25.869m), based on 45% (2022: 45%) of the previous year's adjusted profit, as directed by the Government. The 2024 dividend declared by Gas Networks Ireland of €44.018m (as set out in note 5) had not been paid to Ervia prior to its dissolution on the 1st June 2024. Pursuant to the Gas (Amendment) and Miscellaneous Provisions Act 2024, Gas Networks Ireland assumed the dividend liability by Ervia to the Irish state of €44.018m in place of this liability. The €44.018m dividend was subsequently paid by Gas Networks Ireland to the Irish state on 28th June 2024.

During 2023, a further special dividend of €1.44m, in relation to the sale of the Energy Business was paid. In addition, a deferred dividend of €5.1m, withheld from the 2018 dividend payment following agreement with the Department of Housing, Local Government and Heritage was also paid.

17. Subsidiaries

Pursuant to the Gas (Amendment) and Miscellaneous Provisions Act 2024, Ervia's shareholding in Gas Networks Ireland was cancelled on 1st June 2024. Prior to this date, Gas Networks Ireland was a wholly owned subsidiary of Ervia.

Company	Nature of Business	Registered Office	Ord. Share Capital Holding %
Gas Networks Ireland	Gas Transmission	Gasworks Road, Cork.	100%

18. Subsequent Events

There have been no events between the reporting date and the date on which the financial statements were approved by the Directors, which would require adjustment to these financial statements or any additional disclosures.

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