

Annual Report and Financial Statements 2018



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Strategic Report

Governance Reports

Financial Statements

Introduction

Irish Water is part of the Ervia group. We are safeguarding Ireland's national water and wastewater assets.

We are responsible for providing clean and safe water for millions of people across Ireland. We operate and maintain water and wastewater infrastructure including thousands of treatment plants and assets, as well as tens of thousands of kilometres of pipe network.

We provide our customers with a safe and reliable supply of drinking water and collect their wastewater safely, returning it to the environment. In delivering these vital services, which underpin social and economic growth for present and future generations, we are leveraging capabilities across Ervia to transform Ireland's ageing and broken water network, under a single modern and efficient national utility.

Highlights

Revenue

€982m

Profit before
Income Tax*

€157m

Capital
Expenditure

€683m

Employee
Numbers

822

* Any surplus is re-invested to fund critical infrastructure projects.



Vartry Pipeline

Construction completed on a 4km pipeline to secure the transfer of treated water from Vartry to Callowhill pumping station, successfully replacing the 150 year old Vartry tunnel, and contributing to the security and supply of safe and sustainable drinking water to over 200,000 people in the Greater Dublin Area.



Water Conservation

The extended dry conditions during the summer resulted in unprecedented depletion of ground and surface water supplies. During the summer we increased public awareness of the key role conservation plays in the efficient management of water as a precious resource.



Capacity and Resilience

The Crisis Management Team was mobilised for long and sustained periods during the year. Our crews worked tirelessly on the ground to maintain water supplies during the severe blizzard and freezing temperatures of Storm Emma. We also faced the worst drought conditions in Ireland since records began, maintaining supply and minimising disruption.



Water Supply Project – Eastern and Midlands Region

We published our report on the options appraisal for the Water Supply Project and briefed the Joint Oireachtas Committee.



Leakage Management System

The rate of leakage remains unacceptably high and it is a complex issue to solve. In 2018 we developed a new Leakage Management System which will allow us to gather accurate data on daily leakage levels. This will help us to locate and repair the worst areas of leakage, saving the greatest volume of water possible.

Strategic Funding Plan

The Minister for Housing, Planning and Local Government approved Irish Water's €11.1 billion Strategic Funding Plan.

Bathing Water Quality Improvement

We are now halfway to making Cork Harbour sewage free (reducing raw water discharges by the equivalent of 20,000 wheelie bins a day).



New Water Treatment Plant in Kerry

The Kerry Central Regional Water Supply Scheme was awarded Engineers Ireland – Engineering Project of the Year. This scheme will provide a safe and secure supply of water to over 62,000 people in Kerry.

The Chairman's Report



Tony Keohane
Ervia Group Chairman

Financial Performance

As Chairman of the Ervia Board I am delighted to present Irish Water's Annual Report and Financial Statements for 2018.

We delivered a solid financial performance in 2018, continuing to be a strong contributor to the Irish economy through payroll, dividends, taxes and purchases from Irish suppliers.

Capital Delivery

During the year Irish Water invested €683m to future-proof the network, address compliance issues, and support economic and spatial development. For example we are investing in the Greater Dublin Drainage Project which will provide a new regional wastewater treatment facility and associated infrastructure to serve the population of Dublin, Kildare and Meath. It is a key part of our investment in wastewater infrastructure for the Greater Dublin region and will facilitate growth in this area, while also protecting public health and safeguarding the environment.

Likewise we continue to invest in reducing leakage from the system. As a result of the leakage reduction activities the volume of drinking water lost during 2018 has been reduced by approximately 73.8 million litres per day (18 mld customer side savings and 55.8 mld public side savings).

Partnership

Throughout 2018 Irish Water continued to work with its Local Authority partners to deliver water services and to transform the service to a modern public utility. This is a complex transformation project, which will incorporate new responsibilities, processes and staffing to meet the country's changing needs. I recognise that integrating water services staff from 31 Local Authorities into the Single Public Utility organisation is an ambitious programme. It is however a necessary step to provide efficient and effective water and wastewater services.

Synergies

We are delivering significant benefits and efficiencies for the people of Ireland. I believe that using our combined experience and expertise across our operating companies allows us to realise these synergies and continue to grow our business. We leverage the shared capability and capacity that are provided by the Business Services organisation which was established in 2018, within Ervia. In 2019 we will continue to focus on delivering further operational efficiencies – optimising the supply chain and continuously improving our processes.

Weather Events

The Irish Water Crisis Management Team was mobilised for long and sustained periods over 2018 to proactively manage a number of national weather events, including Storm Emma and the summer drought, and network disruption incidents. Irish Water worked closely and collaboratively with the Local Authorities, other partners and agencies, to ensure the water and wastewater network remained operational during these events and to restore services to homes and businesses as quickly and efficiently as possible. Water supplies in the reservoirs only returned to safe levels in November following the unprecedented depletion of raw water supplies throughout the summer.

Corporate Governance

Across the year the Ervia Board continued to prioritise corporate governance in line with best practice, emerging regulation and trends. We comply with the applicable provisions of the Code of Practice for the Governance of State Bodies. Risks are formally reviewed and monitored on an

ongoing basis to ensure appropriate mitigations and controls exist. As Chairman, I am satisfied that the appropriate internal controls exist and are managed effectively to meet our governance requirements.

The EU General Data Protection Regulation (GDPR) is the most significant change in data privacy regulation in 20 years. The regulation fundamentally reshapes the way in which data is handled. Over the course of the first half of 2018, we prepared for the introduction of GDPR in May, and I am confident that appropriate systems and processes are in place across the organisation.

Finally the Ervia Board is committed to ensuring that the strategic objectives and operations of Ervia and its businesses are both sustainable and socially responsible. In 2019 we will continue to innovate to support these commitments through both Gas Networks Ireland and Irish Water, ensuring that we are good corporate citizens.

Acknowledgements

I would like to thank the Minister and officials in the Department of Housing, Planning and Local Government for their support throughout the year. I would also like to express my gratitude to the officials at NewERA whom we deal with on governance matters on a regular basis.

I express my appreciation to Mike Quinn who stepped down as Ervia CEO in early 2019 and to Jerry Grant who retired as Managing Director of Irish Water in September 2018. They both contributed significantly to the development of the organisation. I look forward to working with Cathal Marley who takes over as Ervia Interim Chief Executive Officer and I welcome Eamon Gallen as Acting Managing Director of Irish Water and wish them well in their new roles. Finally, I thank my colleagues on the Ervia Board and the Executive Team for their ongoing commitment, passion and effective governance of the business in 2018.

As Chairman I recognise the enormous contribution and dedication of the people that work in Irish Water who, along with our partners, collectively deliver water and wastewater services to the businesses and households of Ireland.

Tony Keohane
Chairman

The Chief Executive Officer's Review of 2018



Mike Quinn

Ervia Group Chief Executive Officer

An immense amount was delivered by our people and partners in 2018. We operated 7,000 water and wastewater assets including treatment plants, pumping stations, reservoirs, and 88,000km of pipe networks to supply water and wastewater services to 1.6 million homes and 172,000 businesses. We managed our way through storms, snow and drought conditions while delivering a large capital investment programme. What made this possible is our collective commitment to enhancing the health and quality of the life of our communities, protecting our environment and enabling economic development.

Creating Value for the People of Ireland

We attach great importance to ensuring that our investment policies are aligned to the national strategic outcomes outlined in the National Development Plan (2018–2027) and to the wider infrastructure policy of Government.

I am personally very conscious of the importance of balancing economic objectives such as profitability and shareholder value creation, alongside socio-economic and environmental objectives, in order to promote sustainable long-term value growth. At Ervia we focus on reducing overall costs and realising efficiencies. In 2018, Irish Water delivered operational savings of €25.7m and capital savings of €60m.

How we create value over the longer term is impacted by macro trends and developments in the wider economy, some of which are outlined on pages 14–17. These create uncertainty for us, our customers and wider stakeholders.

2019 Strategic Priorities

We will continue to create meaningful value for the people of Ireland; supporting economic growth and development, future proofing the network, enhancing the quality of supplies, conserving water resources and increasing resilience.

In 2014, we embarked on a four-stage process to identify a suitable new source of water supply for the Eastern and Midlands Region. The proposed Water Supply Project – Eastern and Midlands Region (WSP) will be the first major comprehensive upgrade to Ireland's "New Source" infrastructure in the region in over 60 years. We have sought, listened to and responded to public feedback at every stage of the project's development, from assessing the need right through to identifying the preferred scheme. Irish Water will continue to progress the preparation of a planning application for the project for submission to An Bord Pleanála in 2019.

In July, the Government announced that Irish Water would become a standalone, publicly owned, commercial, regulated utility separated from the Ervia group during 2023. Therefore, in the second half of 2018, we turned our attention to the development of a separation plan, which we will submit to Government in the first half of 2019. This plan will address the legal, financial and

operational issues arising, will set out milestones on the separation journey and will define metrics to measure progress. The overall project milestone approach including separation and establishment will need to have the full agreement of key stakeholders.

The transformation of the public water services to a modern public utility is a critical task that will require a significant programme of transformation to ensure that we have modern and effective systems for the delivery of water and wastewater services in Ireland. We are engaging with all stakeholders to develop a transformation programme, in an open and constructive manner, to ensure all issues are considered. There is more detail about the development of the Single Public Utility on page 40.

Acknowledgements

I want to acknowledge the services of the members of the Irish Water Board. They provide vital oversight, governance and guidance, and I am very grateful for all they do. I also extend my appreciation to the members of the Executive team for their energy, professionalism and leadership during the year. Finally and most importantly, I would like to express my sincere gratitude to all our staff and delivery partners for their hard work and commitment throughout the year. We face many challenges ahead including improving the water infrastructure, reducing our carbon emissions, preparing for the separation of Irish Water and transforming the water services industry. I am confident that we have the talent, expertise and capacity to succeed.

Mike Quinn

Ervia Group Chief Executive Officer

Irish Water Acting Managing Director's Report

Having spent some time in the role of General Manager, it has been my privilege to take on the mantle of Acting Managing Director of Irish Water following the retirement of Jerry Grant in September 2018. The challenges facing Irish Water are vast but we continue to make good progress against our business plan, while also dealing with some unique difficulties during the year.

Eamon Gallen

Acting Managing Director, Irish Water



Irish Water is responsible for delivering safe and clean drinking water and environmentally safe wastewater services to households and businesses across Ireland. These vital services underpin the social and economic progress for Ireland, now and into the future.

We deliver water services to approximately 83% of the Irish population which amounts to supplying 1.7 billion litres of treated drinking water to 1.6m households and almost 172,000 businesses every day. We also treat the wastewater produced from these homes and businesses before returning it safely into our environment. This is achieved by operating and maintaining 1,895 water and wastewater treatment plants, over 5,000 other assets, including pumping stations and reservoirs, and 88,000km of pipe networks.

In particular, 2018 will be remembered for the frequent and severe weather events and the stress these placed on our water supplies. Severe storms and cold weather in February were followed in the summer months by the worst drought conditions since records began. Despite these difficult conditions Irish Water and Local Authority staff continued to keep water services in place for homes and businesses across the country.

The repair and upgrading of the country's water and wastewater services remains our focus. We will continue to prioritise our investment decisions to ensure that we use available funding most effectively by making investments that deliver the biggest benefit to communities and businesses, while safeguarding the environment.

Performance in 2018

I am very pleased to say that we had an excellent safety performance in 2018. Our Work Safe Home Safe programme is promoting the right behaviours and driving the safety culture in our organisation. It is supported by the necessary safety management systems.

Our first ever Strategic Funding Plan (2019–2024) was approved and published in November 2018. This plan lays out what we will do between now and 2024 to improve the water and wastewater infrastructure, enhancing the health and quality of life of the people of Ireland, protecting our environment and enabling economic development. This plan explains what we plan to do to implement the objectives of the Water Services Policy Statement 2018–2025. We are delivering a very significant capital investment programme, investing to improve the quality of water and wastewater services, future-proof the supply and improve resilience, conserve water supplies and tackle leakage. In 2018 we

- ▶ Invested €683m, which included commissioning the Vartry pipeline and enhancing the southern network of the Cork Lower Harbour Main Drainage Project. You can read more about these projects on pages 36–37.
- ▶ Delivered the Kerry Central Regional Water Supply Scheme at Lough Guitane in Co Kerry which won Engineers Ireland Engineering Project of the Year. A further 9 drinking water plants were either commissioned or upgraded during the year.
- ▶ Commissioned 11 wastewater treatment plants, serving a population equivalent of 354,800.
- ▶ Removed 22 public water supplies from the EPA's Remedial Action List in 2018, which means that over 166,000 consumers are now being served by schemes no longer at risk.

Reducing leakage on the system continues to be a top priority for us. By implementing the Leakage Reduction Programme we undertook over 39,000 leak investigations, completed over 22,500 leak repairs and saved approximately 73.8m litres per day (18 mld customer side savings and 55.8 mld public side savings).

The first national leakage management system went live this year, and will standardise monitoring and reporting across the country. However, challenges remain as we repair networks that are old, complex and overstretched. We are investing €0.6 billion up to 2024 to reduce leakage by an additional 171m litres per day.

There is more information on our progress in 2018 available on pages 22–23 and in the Operating Review on pages 34–41.

Outlook for 2019

In 2019 we will continue to focus on delivering on the commitments we made in the Strategic Funding Plan, to improve compliance with public health and environmental standards, and to enhance water quality with particular reference to the River Basin Management Plan for Ireland 2018–2021. Central to achieving these objectives is the adoption of the Single Public Utility model which will transform water services in Ireland. We are working collaboratively with all stakeholders to move forward with the development of the transformation programme in 2019.

I would like to publicly recognise the tremendous efforts made by the staff of Irish Water and our partners to manage the extreme events during 2018. Storms, snow and drought conditions brought challenges. By working closely and collaboratively with Local Authorities, other partners and agencies we managed to keep the water and wastewater plants and networks operating for the majority of people, most of the time, often despite very difficult conditions. We will continue to work collaboratively with our partners, government agencies, the communities and the businesses we serve to provide secure and sustainable water supplies.

Eamon Gallen,
Acting Managing Director, Irish Water

Creating Value



Strategic Framework

Purpose

To support Ireland’s social and economic growth, through appropriate investment in water services and to protect the environment in all our activities.

Vision

To provide all of our customers with a safe and reliable supply of drinking water, to collect and treat their wastewater and to return it safely to the environment.

Strategic Objectives

1 Invest in infrastructure

We will invest in Ireland’s water infrastructure to improve services, protect public health and enhance the environment.

2 Transform the water industry

We will work with our Local Authority partners and other stakeholders to transform the water industry into an effective and efficient modern water utility.

3 Realise operating efficiencies

As part of the transformation programme we will achieve operational excellence realising €1.74 billion of cumulative operating efficiencies by 2024.

Values

Our five shared values define the character of our organisation, they guide our actions and decisions, and provide a framework for how we communicate with each other, our customers and our stakeholders.



Performance

We strive to be a high performing utility, continuously delivering quality services and infrastructure.



Integrity

We are open and honest in everything we do. We treat each other, our customers, our assets and the natural resources we rely on with respect.



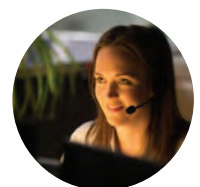
Safety

We put safety at the heart of what we do.



Collaboration

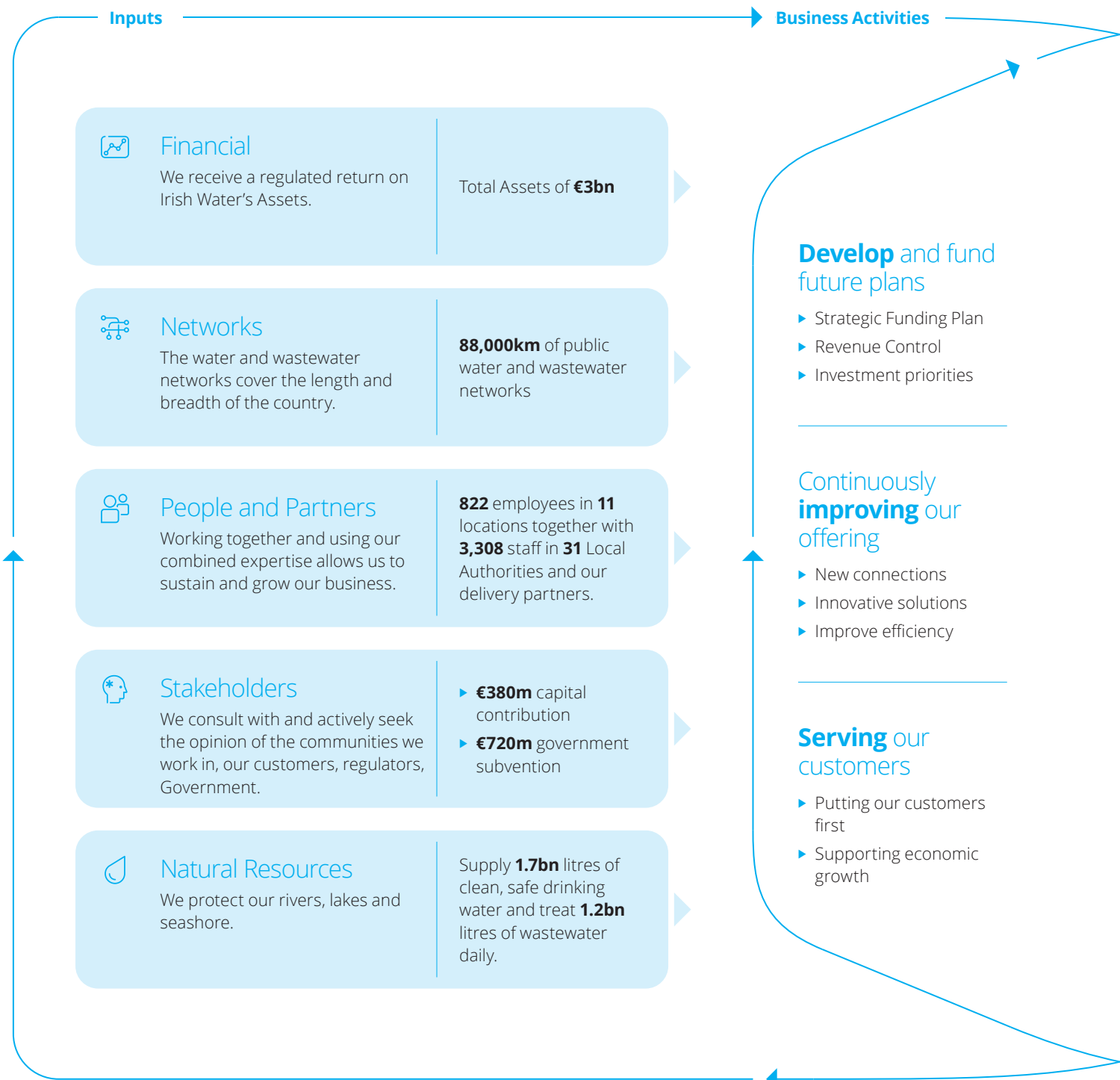
We work together to get results, sharing and learning from each other.



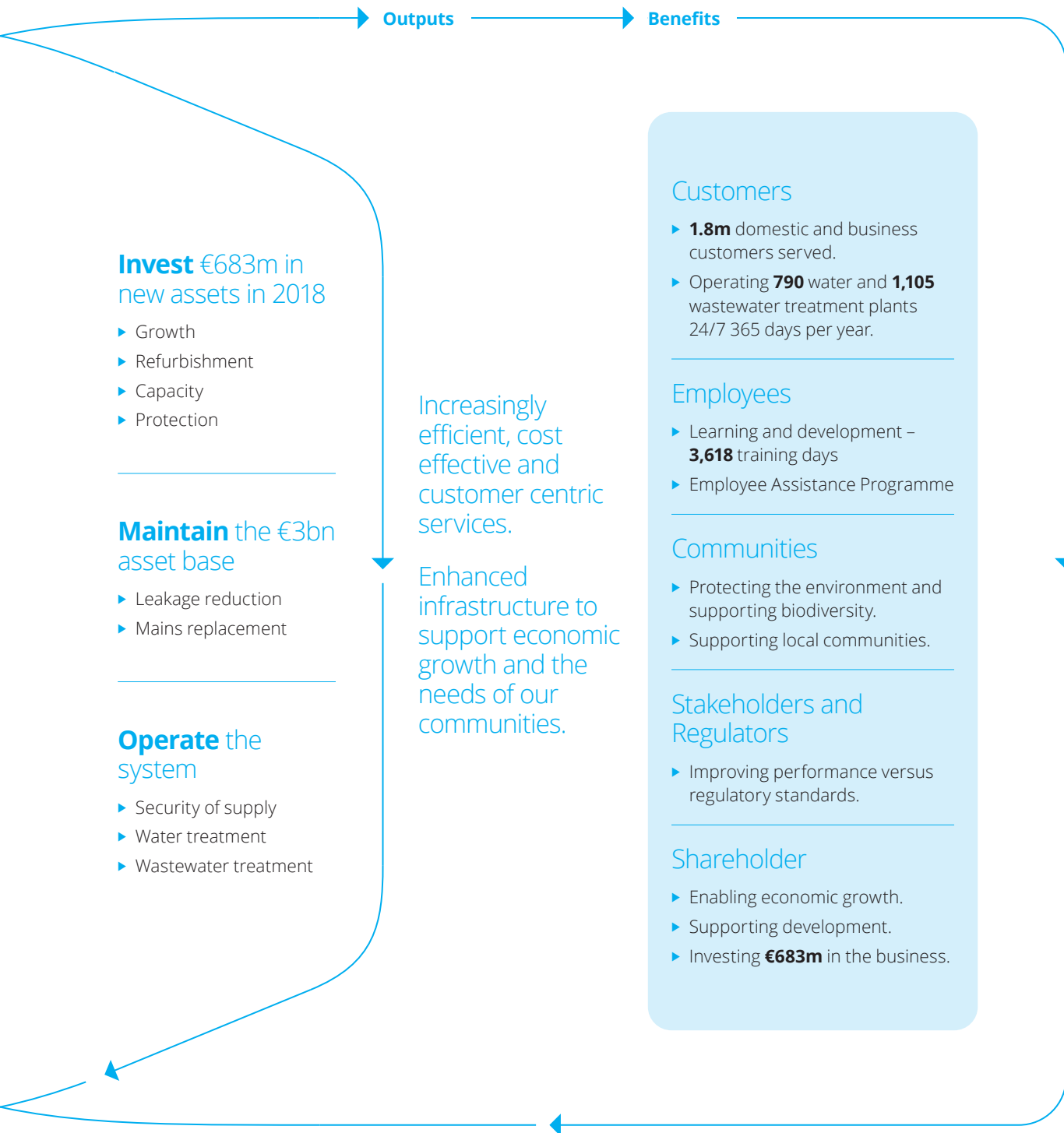
Customer Service

Our goal is to provide quality services for our customers. We listen to their needs and strive to exceed their expectations.

Irish Water Business Model



Working together our people and partners build, maintain and operate our water and wastewater networks to provide essential services to our customers, communities and the economy.



Factors Influencing Value Creation

The Trend

Project Ireland 2040

It is forecast that there will be an additional one million people living in Ireland by 2040. This will require over half a million new homes and supporting services such as roads, schools and hospitals. Project Ireland 2040 is the Government's overarching policy initiative that prioritises the wellbeing of the people of Ireland for the future. It involves an investment in infrastructure of almost €116 billion by 2027 and is made up of the National Planning Framework to 2040 and the National Development Plan 2018–2027.



The impact

Project Ireland 2040 will require significant investment in water and wastewater infrastructure. Water and wastewater services will need to be expanded to serve the growing population.

Our response

We are developing and delivering plans to provide for the country's future water and wastewater requirements. Subject to adequate funding and support, we will work to ensure that we have the necessary infrastructure to meet these needs. We will continue to develop our expert, agile and dedicated workforce to implement these plans. We will also continue to engage with the public and our customers to understand their needs as our country develops.

The Trend

Customer Expectations in a Digital Age

Digitalisation has become a key part of all our lives. Every day, in our homes, in our cars and at work, we interface with technology in ways we could never have envisaged, even 20 years ago. The pace of development of new connected technologies is growing, with major steps forward in Artificial Intelligence expected over the coming years. In response to major data breaches in global companies, the General Data Protection Regulation (GDPR) was enacted in May 2018. It fundamentally reshaped the way in which data is handled and ensures that robust consent management processes are in place.

The impact

Globally, customer expectations are evolving with the pace of digital transformation. Transactions are increasingly online and customers, suppliers, staff and assets are all evolving towards real-time connectivity. Research shows that customers now want more timely and accurate information, quick response and action, with minimal customer effort. In parallel, customers expect that their service providers will protect the privacy of their personal information and comply with national and European standards for data protection.

Our response

We will continue to invest in IT platforms and digitise data to meet customers' expectations of data accuracy, response times and privacy. We will ensure we have robust systems in place to protect against cyber-attack and to protect data. We will deliver IT solutions to enhance productivity across our operations. It is our ambition to be a trusted brand as we meet our commitments to the citizens of this country.



Factors Influencing Value Creation (continued)

The Trend

Compliance

Businesses across Europe must comply with stringent legal and regulatory obligations while continuing to meet sustainability and service obligations. We are subject to legislative provisions and regulations (including Freedom of Information legislation and GDPR), and operate within strict policy and regulatory frameworks. There are new and additional cyber security, human rights, management information systems and ethics in business requirements that will come in to force in the near future. Our major infrastructure developments in water and wastewater are subject to public scrutiny and to public planning and consultation processes. We are regulated by the Commission for Regulation of Utilities. In addition, we must meet the requirements of the environmental regulator and the Environmental Protection Agency.

The impact

Compliance generates cost and capability challenges which we must meet while balancing growth and efficiency demands. Irish Water faces unique compliance challenges as a result of a legacy of underinvestment in water and wastewater assets.

Our response

Irish Water will work to meet national and international regulations through our programmes to reduce water leakage, improve water quality and upgrade wastewater treatment facilities and services that meet national and EU requirements. We will ensure compliance with data, security and ethics

codes. We are committed to meeting the need for greater transparency in the provision of public services. Customers and stakeholders expect us to communicate and consult with the communities we serve. We will continue to operate in accordance with our statutory requirements including planning and public consultations, regulated price controls and published business plans. We will also continue to engage in proactive two-way communications with all relevant stakeholders.





The Trend

Decarbonisation

Ireland is committed to a 30% reduction in emissions from heating, transport and agriculture by 2030 (compared to 2005 levels). The Government has also committed to producing 27% of our energy from renewable sources by 2030 and to achieving 27% energy efficiency (compared to 2005 levels). Combined, these present enormous challenges that will impact every citizen in the country.

The impact

To support these national commitments Irish Water will need to fully decarbonise our businesses by 2050. As a major energy consumer this will be particularly challenging.

Our response

We are targeting energy efficiency savings across water and wastewater services. There is also the potential for us to produce more electricity from renewable sources such as on-site wind turbines and solar panels.

Stakeholder Engagement

At Irish Water we take the nature and quality of our relationships with all our stakeholders very seriously. We work closely to understand their views and interests, to deliver our projects in partnership, and respond to their interests as we progress our plans.

	Priorities	Response
General Public and Communities	<p>Ensure safe and reliable supplies of water and the removal and treatment of wastewater.</p> <p>Support social and economic growth.</p>	<p>Focus on engagement at local and community level.</p> <p>Reduce leakage from the system, remove users of public water schemes from Boil Water Notices as quickly as possible and end the discharge of raw sewage.</p> <p>Provide new connections and infrastructure to facilitate the development of new housing and industrial growth.</p>
Partners	<p>Work effectively together to deliver quality services.</p>	<p>Hold frequent performance reviews and forward looking planning discussions with the Local Authorities and other service partners.</p>
Regulators	<p>Deliver initiatives to implement water services policy.</p> <p>Invest in infrastructure to comply with regulatory and legislative standards.</p> <p>Operate efficiently and reduce costs.</p>	<p>Invest in national programmes such as the leakage reduction, lead mitigation, and national disinfection programmes.</p> <p>Continue to roll out the Business Plan including the delivery of the Capital Investment Plan.</p>
Elected Representatives	<p>Implement public water services policy.</p>	<p>Provide information and support to elected representatives at local and national level.</p>
Shareholders	<p>Implement the Water Services Policy Statement.</p> <p>Communicate accurately and transparently and demonstrate progress against plans.</p> <p>Establish Irish Water as a stand-alone organisation.</p>	<p>Develop and deliver business plans that are aligned with government policies on water services.</p> <p>Regular reports and updates issued to monitoring and oversight bodies.</p> <p>Prepare plan for separation for consideration by the shareholder.</p>

Representative Bodies include	Channels								
	Surveys	Face to Face	Roundtables	Information events	Working groups	Website	Social media	Company intranet	Multi-stakeholder meetings
Individuals, community and environmental groups; consumer groups; business interest groups; farming bodies etc.	●	●	●	●	●	●	●		●
Local Authorities and third party service providers.	●	●	●		●	●	●	●	●
Environmental Protection Agency, Commission for Regulation of Utilities, Health Service Executive, Health and Safety Authority.		●			●	●			●
Elected representatives at local, national and European level.		●		●	●	●	●		●
Department of Housing, Planning and Local Government, Department of Public Expenditure and Reform, NewERA		●			●	●			●



Delivering on our Strategy

Water Framework Directive



Irish Water is a publicly owned, regulated, commercial State body with responsibility for the operation and maintenance of water and wastewater assets.

The operating model for Irish Water is set in the context of the EU Water Framework Directive (WFD). The WFD is the overarching Directive in relation to water policy in the EU.

822 professional, technical and support staff, together with 3,308 local authority staff and our customer contact centre and service delivery partners serve our 1.8 million customers. In 2018 we operated 1,895 water and wastewater plants to supply 1.7 billion litres of drinking water each day and treating the wastewater produced.

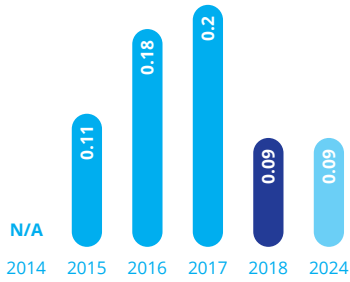
Focussing on	In 2018 we
Quality	<ul style="list-style-type: none"> ▶ Removed 15,026 customers from boil water notices. ▶ Removed and replaced 12,477 lead services connections. ▶ Performed over 186,600 individual tests on drinking water supplies.
Conservation	<ul style="list-style-type: none"> ▶ Fixed leaks to save 73.8 million litres of water per day (18 mld customer side savings and 55.8 mld public side savings). ▶ Repaired over 22,500 of customer leaks. ▶ Maintained more than 4,400 District Meter Areas.
Future Proofing	<ul style="list-style-type: none"> ▶ Upgraded or built 10 water treatment plants. ▶ Upgraded or built 11 wastewater treatment plants. ▶ Laid or rehabilitated 416km of watermains network. ▶ Invested €683 million in strategic infrastructure to support economic and social growth.

Delivering on our Strategy (continued)

	Measure	Description	Unit	2017 Actual	2018 Actual
Water	Boil Water Notice (> 30 days)	Population remaining on a BWN that has been in place for > 30 days at year end	No. remaining	19	423
	Schemes on EPA RAL	No. of schemes on RAL	No. remaining	77	63
	Lead	Lead services removed	No.	1,307	12,477
Wastewater	Priority areas for wastewater improvement	No. of EPA priority areas for wastewater improvement (Starting point Q1 2015)	No. remaining	148	132
	Untreated Agglomerations	No. of agglomerations with no treatment or preliminary treatment only	No. remaining	43	37
Water	Gross Leakage Reduction	Gross Leakage reduction	MI/day	26	74
	Water treatment	New water treatment plants	No.	1	2
		Upgraded water treatment plants	No.	4	8
	Water network	Length of water main laid	km (total)	238	416
Wastewater	Wastewater treatment	New wastewater treatment plants	No.	1	4
		Upgraded wastewater treatment plants	No.	13	7
	Wastewater network	Length of sewer laid	km (total)	20	74

Safety

Total LTIFR – Employees (>1 day) #/100k hours

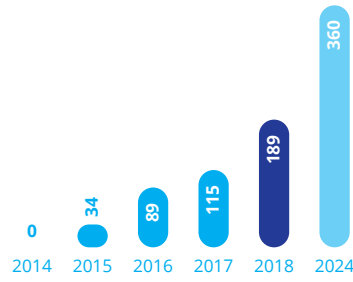


What we measure it
We use Lost Time Injury Frequency Rates (LTIFR) to track the number of employee accidents per 100,000 hours worked, that result in a staff member needing to take >1 days off work. (Data not available for 2014)

Why we measure it
Safety is a core value at Ervia. The Work Safe Home Safe, safety culture programme has been in place since 2015 and we continue to work to improve our safety performance.

Water Saved

Water Saved by Fixing Leaks Cumulative (Millions of Litres per Day)

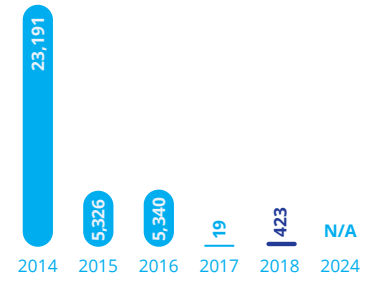


This is a measure of the water saved as a result of our efforts in rehabilitating mains and pro-actively finding and fixing leaks.

In 2018 45% of all water treated was lost between the treatment plant and the tap. We aim to increase the effectiveness and resilience of our network by reducing the quantity of water lost in the system.

Boil Water Notices (>30 days)

of customers remaining

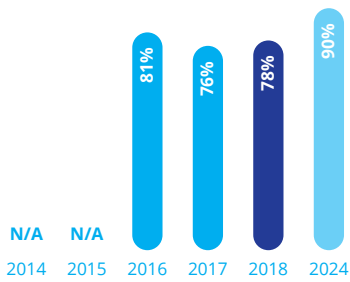


The number Boil Water Notices that have been in place for more than thirty days.

A Boil Water Notice is imposed after consultation with HSE where contamination of the drinking water supply has occurred.

Customer Service

First Contact Resolution – Metering and Operations %

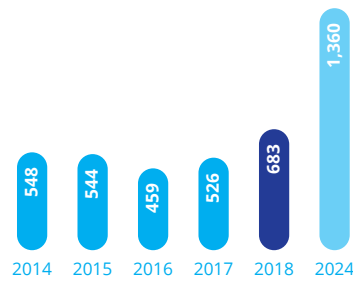


What we measure it
We review a sample of our customer contacts each month across a range of different call types. A selection of calls are surveyed independently to validate the scores. (Data not available for 2014/15)

Why we measure it
This measure tells us how often we are able to resolve a customer's request on their first contact, without the need to get further information, escalate to the back office, create a complaint or follow up.

Capital Expenditure

Capex €m

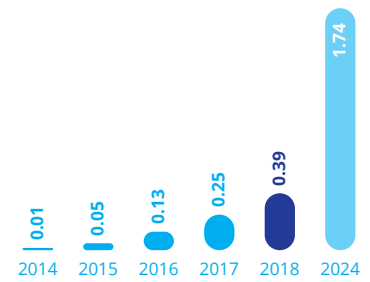


We include infrastructure spend on plant, property, and equipment and intangible assets.

Delivering capital programmes is central to our ability to develop and maintain our networks.

Operating Efficiencies

Cumulative OPEX Efficiencies €bn



We drive efficiencies in how we deliver our services on an ongoing basis, realising €25.7m in operational cost savings in 2018.

This metric shows the cumulative savings of €1.74bn over the period 2014–2024. €142m annual savings have been secured since 2014 and we are on track to deliver savings of €310m (per annum) by 2024.

Risk Management

Proactive risk management is fundamental in our ability to meet both our short-term and longer-term strategic objectives.

Irish Water manages, monitors and reports on the principal risks and uncertainties that could impact our ability to deliver our strategic ambitions. The system of risk management and policy is consistent and clear across the organisation. Our objective is to avoid issues materialising while maximising our business outcomes.

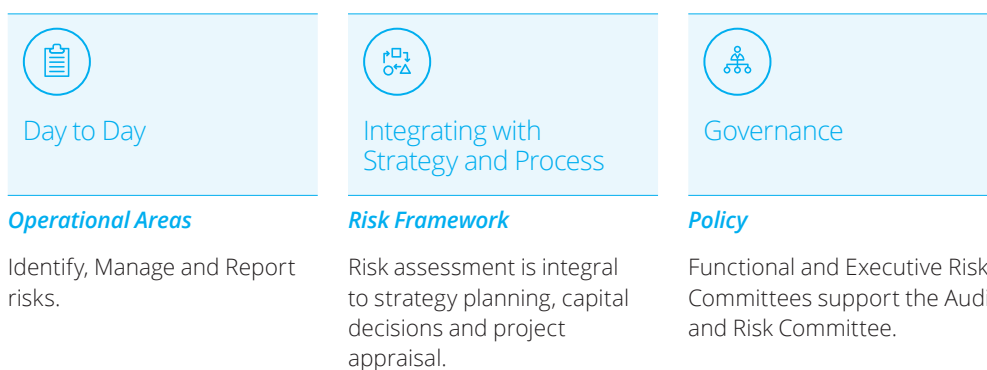
Risk Management Framework

The Ervia Board has overall responsibility for risk management and systems of internal control. It sets a tone that defines our culture, values and the expected behaviours for the organisation. Appropriate governance structures are implemented to ensure that there is clarity of ownership and responsibility for risk management. Risk appetite is set by determining the nature and extent of the risks we are willing to accept. The Audit and Risk Committee is delegated authority to support the Ervia Board with these obligations while various governance forums are in place to maintain an effective risk management environment. We are continuously enhancing the governance culture by integrating and automating our activities across our

systems of risk management, internal control and internal audit.

The nature of our business operations is long term, resulting in many of our risks being enduring in nature. These risks can develop and evolve over time, as their potential impact or likelihood changes in response to internal and external events. At the same time new risks are constantly emerging. Therefore an effective risk management framework is essential to support the delivery of our strategic and operational objectives. Managing our risks effectively allows us to create added value for our shareholders, customers and the wider community.

Our Risk Management Activities



Principal Risks and Uncertainties

Current Trend Arrows:



Stable






Increasing



Decreasing

Principal Risks to Value Creation	Context and Key Mitigation	Current Trend
Health and Safety		
1	<p>A significant public, employee or contractor safety incident resulting in a risk of serious injury/fatality to staff or the public.</p> <p>All health and safety legislation and arrangements must be adhered to in order to protect staff, contractors, and the public from injury or fatality and avoid potential prosecutions, financial loss and reputational damage.</p> <ul style="list-style-type: none"> ▶ The Central Safety Committee, which is an Executive Committee, oversees Health and Safety performance. ▶ Enterprise wide Work Safe Home Safe Programme. 	
Security of Supply		
2	<p>Failure to meet present and future water demand in the Greater Dublin Area because of a lack of available headroom, reliance on a primary water source and critical single points of failure across an aged water infrastructure.</p> <p>Without additional capacity, this could result in potential social and economic impacts and a failure to support future growth demands.</p> <ul style="list-style-type: none"> ▶ The Water Supply Project – Eastern and Midlands Region has been identified as the key long term strategic solution to meet the future demands of the eastern region. ▶ Ongoing monitoring of all resource levels (rivers, lakes, boreholes, impounded reservoirs) with short term measures available to boost water available for use. ▶ Treatment plant capacity upgrades taking place at key sites. 	
3	<p>Not delivering the projected water leakage savings required due to increasing leakage incidents and the current state of the water infrastructure.</p> <p>Failure to deliver could impact Irish Water's reputation and credibility and result in increased operating costs and reduced efficiency.</p> <ul style="list-style-type: none"> ▶ A new Leakage Management System is now being rolled out. It will enable smarter and more efficient leakage reduction activities across the water network. A phased plan is in place for rollout to all Local Authorities by end of 2019. 	
4	<p>There are short term and long term impacts to the delivery of water services due to the increased frequency and intensity of extreme weather events (e.g. Storms such as Ophelia or Emma).</p> <p>Irish Water operations and assets withstood the severe weather experienced during 2017 and 2018, however, there is increased frequency and intensity of climate change events.</p> <ul style="list-style-type: none"> ▶ For day to day delivery of water services, there are comprehensive resilience plans in place. ▶ Assessment of the potential impacts of climate change scenarios on Irish Water infrastructure assets undertaken with external partners. 	
Transformation of Water Services		
5	<p>Failure to deliver the Transformation Programme, due to a potential lack of the necessary support and agreement of key stakeholders</p> <p>Failure to deliver would result in significant impacts to the delivery of commitments in the business plan, and required service levels. Engagement ongoing with the representative unions through the Workplace Relations Commission.</p>	
Climate Change		
6	<p>Rolling out a clear sustainability policy is essential to ensuring that Irish Water is seen as a leading sustainable Irish business</p> <p>Sustainability initiatives identified and underway across the organisation and long term strategies being developed.</p>	

Risk Management
(continued)

Current Trend Arrows:	 Stable	 Increasing	 Decreasing
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Principal Risks to Value Creation	Context and Key Mitigation	Current Trend	
Delivering Infrastructural Investment			
7	<p>An inability to fully deliver the Capital Investment Plans due to:</p> <ul style="list-style-type: none"> ▶ limited supply chain capacity within the construction industry, ▶ increasing costs beyond agreed budgets (e.g. construction inflationary pressures), ▶ complexities and delays in project approvals. 	<p>Across the Irish semi-state and private sector, significant multi-year capital projects are planned for the coming years – resulting in capacity constraints and potentially increased construction price inflation.</p> <ul style="list-style-type: none"> ▶ Capital planning and monitoring ongoing - quarterly reporting and projections provided to Group Investment Approval Committee, an Executive Committee. ▶ Supply chain restructured in line with industry best practice ▶ Early Contractor Involvement Programme – integrated design, development and construction planning. 	
Customer, Reputation and Stakeholder			
8	<p>Awareness and understanding of the critical service role Irish Water undertake is key in ensuring trust, confidence and support is gained from our customers and stakeholders.</p>	<p>A failure to gain awareness and understanding could result in an inability to deliver key organisational objectives.</p> <ul style="list-style-type: none"> ▶ Strategies in place to inform and engage customers and stakeholders. ▶ Collaborative public engagement on public consultations for key projects. 	
Service Delivery			
9	<p>There is a reliance on a number of key suppliers to deliver both our change programmes and services to Irish Water customers.</p>	<p>A performance failure by a key supplier could have significant operational impacts to our customers.</p> <ul style="list-style-type: none"> ▶ Governance structures and contractor management strategy in place. ▶ Service Level Agreement in place with Local Authorities. 	
Our People			
10	<p>To support the delivery of our business objectives, we need to have the right organisational structure, the right people and culture in place.</p>	<p>Significant organisational transformation increases the risk of organisational stress.</p> <ul style="list-style-type: none"> ▶ Organisation Design Steering Group in place and work force planning process established. ▶ Engagement and Culture surveys take place, with ongoing continuous improvement processes. 	
Technology, Financial and Economic			
11	<p>Serious loss of service or restriction to Information and Operational Technology services, could impact service delivery and infrastructure, as a result of an external cyber-attack.</p>	<p>An incident could result in potential business delivery disruption, safety issues, reputational damage, and potential regulatory fines.</p> <ul style="list-style-type: none"> ▶ Comprehensive prevention and pro-active controls across all systems. ▶ Ongoing risk assessments and external independent assurance reviews. 	
12	<p>A 'No Deal' or 'Disorderly' Brexit could have an impact on Irish Water.</p>	<p>Key potentially impacted areas are people, finance, regulation, supply chain and operational delivery.</p> <ul style="list-style-type: none"> ▶ Working Group preparing contingency plans. 	
13	<p>Our activities expose us to a number of global macroeconomic and financial risks - funding and operational allowance model risk, currency and interest rate risks.</p>	<p>Strategic Funding Plan 2018–2024 sets out the funding and allowance requirements for each business.</p> <ul style="list-style-type: none"> ▶ Defined risk limits, delegations of authority and exposure monitoring in place. ▶ Ongoing dialogue and strong relationships with Government stakeholders. 	





Performance in 2018

The Ervia Executive Team



Mike Quinn
Chief Executive Officer



Cathal Marley
Group Chief Financial Officer



Liam O'Sullivan
Chief Operating Officer



Orlaith Blaney
Chief Communications and Marketing
Officer



Eamon Gallen
Acting Managing Director, Irish Water



Michael G. O'Sullivan
Director of Business Services



Brendan Murphy
Group Commercial Regulatory Director



Rory Williams
Group Chief Legal Officer



Dawn O'Driscoll
Group Strategic HR Director



Liam O'Riordan
Company Secretary

Financial Review



Cathal Marley

Ervia Group Chief Financial Officer

Irish Water delivered solid financial performance during 2018, thereby enabling the delivery of significant capital and maintenance investment programmes in critical water asset infrastructure.

Key Highlights 2018

- ▶ Revenue €982m
- ▶ EBITDA €248m
- ▶ Profit before income tax €157m
- ▶ Capex €683m
- ▶ Total assets €2,985m
- ▶ Irish Water surplus reinvested to fund critical infrastructure projects
- ▶ Net debt position at year end of €823m

Summary Income Statement (before exceptional items)

	2018 €m	2017 €m
Revenue	982	1,013
Commercial revenue	262	261
Government subvention	720	752
Operating costs	(734)	(723)
EBITDA	248	290
Depreciation and amortisation	(83)	(69)
Finance costs	(9)	(12)
Profit before income tax	157	209

Revenue

Revenue was €982m for the year to December 31st 2018, decreasing by €31m compared to the prior year, primarily reflecting lower Government subvention income in respect of domestic water billing which was €32m lower than the prior year, partly offset by higher connections revenue compared to the prior year.

Profit before income tax & exceptional items

2018	€157m
2017	€209m

Capital Investment

2018	€683m
2017	€526m

EBITDA

EBITDA of €248m for 2018 has decreased by €42m compared to the prior year of €290 million due to the lower revenue of €31m and higher operating costs of €11m.

Operating costs of €734m were €11m higher than the prior year. While this was offset by the continued delivery of operating cost efficiencies, it was primarily due to:

- ▶ the severe weather events that occurred during 2018,
- ▶ the development of Irish Water, with increased scale, to deliver the Business Plan objectives
- ▶ the reduction in collection provisions in the current year.

Profit before Income Tax

Profit before tax decreased by €52m to €157m for 2018 due to lower EBITDA performance of €42m, and higher depreciation charges of €14m arising from the increased investment in infrastructure. This was partly offset by lower finance costs of €3m. Any surplus arising in Irish Water is reinvested in water and wastewater infrastructure.

Financial Review
(continued)

Exceptional Items

No exceptional items were recognised in 2018. During 2017, Irish Water recognised an exceptional expense of €178m in connection with the refund of cash previously collected from domestic customers in the period 2015 to 2016. The corresponding funding received from Government to meet the costs of the refund programme was classified as exceptional grant income. Therefore the net impact of the refund programme on the Irish Water Income Statement was nil.

Summary Balance Sheet

	2018 €m	2017 €m
Infrastructure assets	2,781	2,181
Other assets	203	153
Total assets	2,985	2,335
Borrowings	(885)	(825)
Pension liability (IAS 19)	(27)	(29)
Other liabilities	(596)	(523)
Total liabilities	(1,508)	(1,376)
Net assets	1,477	958
Net debt	(823)	(809)

Infrastructure Assets and Capital Expenditure

Irish Water continued the delivery of scheduled capital investments in 2018, with total investments of €683m (€526m in 2017) in water and wastewater infrastructure.

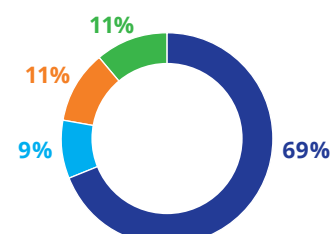
Net Debt and Cash Flows

The net debt position at December 31st 2018 was €823m, as compared to €809m in the prior year. In 2018

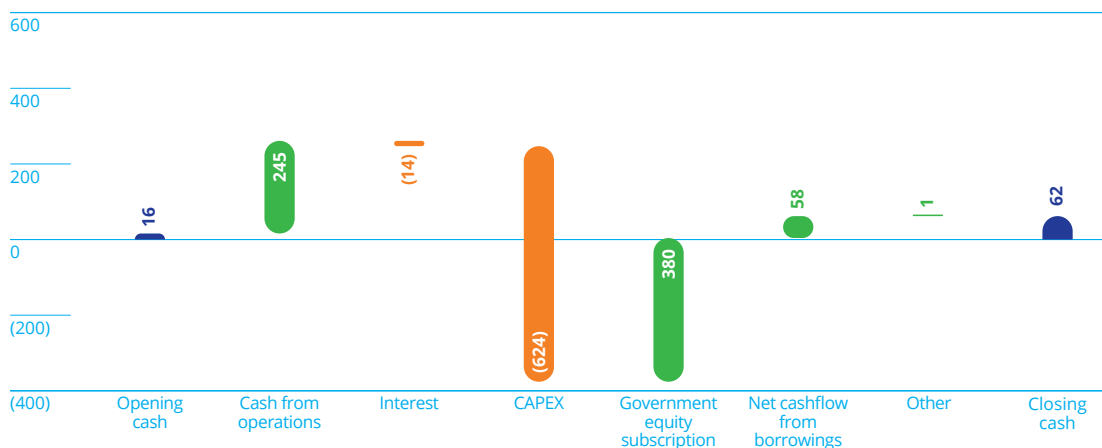
- ▶ Surplus operating cash flows of €245m were used to partially meet water and wastewater capital investment funding requirements.
- ▶ Capital expenditure in cash outlay terms was €624m.
- ▶ Irish Water received a capital contribution of €380m from the Government.

Capital Investments 2018

- Asset delivery
- Strategic infrastructure
- Other network infrastructure
- Other capital



How cash was used in 2018 (€'m)



Capital Resources

Irish Water has a statutory borrowing limit of €2,000m, which sets the upper limit for drawn facilities. As at December 31st 2018 there were

- ▶ total borrowings of €885m (including capitalised loan fees),
- ▶ undrawn facilities of €375m,
- ▶ €62m of cash and cash equivalents.

Key activities in relation to debt management undertaken during 2018 included the rollover of €800m of bilateral funding facilities with a number of commercial banks and the refinancing of the existing €450m of funding facilities from the Ireland Strategic Investment Fund.

Irish Water continued to roll its debt financing for periods of one year, pending implementation by the Government of the recommendations of the Joint Oireachtas Committee on the Future Funding of Domestic Water Services (JOC) and a Department of Housing, Planning and Local Government led Working Group on the Future Funding Model for Irish Water. The revised funding model provides funding certainty to Irish Water on a multi-annual basis within the constraints of government budgetary planning. At December 31st 2018, the weighted average interest rate on the Company's portfolio of outstanding borrowings was 0.93% (1.32%: December 31st 2017) and the average maturity of its debt was 0.42 years (0.55 years: December 31st 2017).

Treasury Governance

Ervia operates a centralised treasury function, which undertakes all treasury activities of the Ervia Group, including on behalf of Irish Water. The responsibility for treasury activity and its performance rests with the Ervia Board which exercises its responsibility through regular review. The Ervia Audit and Risk Committee, on behalf of the Ervia Board, reviews the appropriateness of the treasury policy and the effectiveness of the system of internal controls.

Ervia complies with the requirements of the Minister for Finance, Public Expenditure and Reform under the Financial Transactions of Certain Companies and Other Bodies Act, 1992 and the Specification of the Minister for Finance and Public Expenditure and Reform. Ervia's Treasury function is not operated as a profit centre and treasury positions are managed in a risk averse manner.

All treasury transactions have a valid underlying business reason and speculative positions are strictly prohibited. Further details of Ervia's financial risk management policies are set out in the Financial Statements note 22.

Operating Review

Irish Water is responsible for delivering safe and clean drinking water and environmentally safe wastewater services to households and businesses across Ireland. These vital services underpin the social and economic progress for Ireland, now and into the future.

Irish Water employs 822 professional, technical and support staff, and we work with 3,308 staff in the 31 Local Authorities. We are made up of five core functions: Asset Operations, Asset Management, Customer, Asset Delivery and Support Services. These are supported by our Customer Contact Centre and Service Delivery Partners. We are also supported by Ervia's Group Centre, Business Services and Major Projects functions to ensure that efficiencies and economies of scale are realised across the organisation.

Progress against Strategic Objectives

Quality

Irish Water remains fully committed to delivering our ambitious capital and infrastructure investment strategy to deliver modern, efficient and reliable water and wastewater services. We continued to perform strongly, managing a total investment of over €683m in 2018. We are seeing tangible outputs from this investment right across the country.

Water Quality

We operate 790 water treatment plants, some of which take water from small sources that are vulnerable to contamination and the impacts of climate change. Water quality in a number of Ireland's public water schemes does not meet mandatory European drinking water standards and are considered to be at risk of failure in terms of quality parameters. The European Commission commenced formal infringement proceedings against Ireland for alleged non-compliance of trihalomethanes (THM) parametric limits in July 2018. We worked with the Department on the response which issued in Q3 2018 and we are continuing to support the Department as required.

We prioritise investment in those supplies that require significant improvement to reduce the risk of failure to acceptable levels. The number of public water schemes on the Environmental Protection Agency's Remedial Action List was reduced to 32 in 2018 from a baseline of 121 in 2015. Over the course of the year, 166,000 people were taken off the Remedial Action List.

Throughout the year we continued to monitor and report on all public drinking water supplies nationwide, taking over 8,800 regulatory samples which amounted to over 186,500 individual tests. The results of this sampling is published on the Irish Water website, allowing households and businesses to see the results for their water supply. We

continued to roll out our national work programmes, including the delivery of reservoir cleaning and refurbishment, telemetry monitoring of critical operating parameters, filter refurbishment and safety programmes. Under our National Disinfection Programme 693 sites have been assessed to date, out of a total of 819 primary water treatment sites, and upgrade works have been completed at 80 sites benefiting circa 240,000 people.

Work was completed on ten water treatment plants in 2018 including Lough Guitane in Kerry, that won the Engineers Ireland - Engineering Project of the Year.

In 2018, we communicated directly with all users of schemes that were on the Environmental Protection Agency's Remedial Action List, with some agreed exceptions. In October and November we issued over 165,000 letters to homes and businesses in 16 counties on 55 different water supply schemes serving a total population of 366,000 people. This new practice will be continued for any scheme added to the Remedial Action List in the future.

There is a growing public understanding of the reality around the resilience of water supply to Dublin and the surrounding areas. We are developing a National Water Resources Plan which, for the first time, will set out how we intend to maintain the supply demand balance for drinking water supplies over the short, medium and long term while minimising the impact on the environment. The draft plan will be published in early 2019. We will be asking the general public and stakeholders to engage on the plan through a public consultation.

We are delivering drinking water projects of national strategic importance. These multi-annual projects are being developed in accordance with complex environmental, procurement and planning legislative and regulatory requirements.

Operating Review (continued)

Vartry Water Supply Scheme

We are making a significant investment to ensure a safe and sustainable water supply for over 200,000 people in the North Wicklow and South Dublin areas. This scheme involves the upgrade of the existing Vartry water treatment plant, a new 4km pipeline from Vartry to Callowhill and 40km of trunk mains that deliver water to a new covered storage reservoir in Stillorgan, County Dublin. This will replace and upgrade the original scheme that was developed in the 1860s by Dublin Corporation. The pipeline from Vartry to Callowhill was commissioned in December 2018 and construction on the Vartry Water Treatment Plant upgrade started in October 2018.

The existing Stillorgan site contains three open water reservoirs that store treated drinking water. This is one of the last such sites in Europe. Construction of a new covered reservoir began in November 2018.

Water Supply Project – Eastern and Midlands Region

The delivery of a sustainable and resilient national water supply requires the identification of a new source of supply for the Eastern and Midlands region. This will provide an additional 330 million litres of water a day by 2050. The existing water supply sources and infrastructure for this region, do not have the capacity or resilience to meet these requirements nor can they be addressed by fixing leaks alone. This project will represent the first major comprehensive delivery of 'new source' infrastructure in over 60 years.

Over 1,000 stakeholders participated in the latest consultation stage of the preferred scheme and environmental impact assessment scoping report which ran for fourteen weeks from 8 November 2016 to the 14 February 2017. This Consultation Submissions Report details the consultation activities undertaken and sets out a summary of the feedback received from the fourth consultation, and the project team's response to this feedback. Engagement with project stakeholders continued throughout 2018 with further engagement planned next year. We intend to publish the Water Supply Project Update Report before we apply for planning in 2019.

Wastewater Quality

Irish Water is responsible for the provision and development of water services including the collection, treatment and discharge of wastewater. We operate 1,105 wastewater treatment plants, 2,089 wastewater pumping stations, 25,000km of foul/combined sewer network and 2,000 storm water overflows nationally.

Our investment in wastewater treatment and networks is aligned with commitments made in the River Basin Management Plan (2018–2021) to improve water quality. These commitments include planned investment to increase compliance with the Urban Wastewater Treatment Directive and the Wastewater Discharge (Authorisation) Regulations. In 2018:

- ▶ 11 wastewater treatment plants were commissioned, serving a population equivalent of 354,800.
- ▶ 74km of public sewers were laid and a total of 149km of public sewers were surveyed.

We continued to progress a number of major wastewater projects, including:

Cork Lower Harbour Main Drainage Project

The commissioning of the new 65,000 population equivalent wastewater treatment plant at Shanbally in 2017 and the ongoing repair and extension of the sewer network in Ringaskiddy, Crosshaven, Carrigaline, Shanbally and Coolmore, has already resulted in a 50% reduction in the volume of untreated sewage being discharged into Cork Lower Harbour. Our goal is to have a sewage-free harbour by the end of 2021.

Construction works on the southern networks element will be completed in 2019 and the works on the Cobh to Monkstown estuary crossing will also begin. Works on the Cobh network are targeted to commence in mid 2019.



Greater Dublin Drainage Project

We are developing a new regional wastewater treatment facility and associated infrastructure to serve the population of Dublin, Kildare and Meath. The planning application was submitted in June 2018. It proposes a new regional wastewater treatment facility be built in Clonsbaugh in County Dublin along with associated infrastructure to serve the population of the Dublin, Kildare and Meath areas. The volume of wastewater generated in the Greater Dublin Region is projected to increase by more than 50% in the period to 2050. This project is part of our investment in wastewater infrastructure for the Greater Dublin region and will facilitate this growth while also protecting public health and safeguarding the environment.

Ringsend Wastewater Treatment Plant Upgrade

The Ringsend Wastewater Treatment Plant was originally designed to treat wastewater for a capacity of 1.6 million population equivalent but is currently operating in excess of that capacity, at 1.9 million population equivalent. Irish Water is undertaking a project to extend the treatment plant to meet this higher demand and also to ensure the treated water discharged to the lower Liffey estuary meets the required standards.

In June 2018 we sought planning permission for works required to facilitate the use of advanced nutrient reduction treatment technology at the plant. This technology, known as Aerobic Granular Sludge, will enable the treated wastewater outfall to remain at its current location thereby overcoming the requirement for the previously permitted long sea outfall tunnel. The June application also sought permission for the upgrade of the sludge treatment facilities at the plant and for the provision of a regional bio-solids storage facility in Newtown in Dublin.

Operating Review
(continued)

Conservation

Leakage continues to be one of the biggest issues for our customers and stakeholders. This was especially evident after Storm Emma in February when the thaw resulted in a spike in burst pipes on the public water supply network. While the rate of leakage remains unacceptably high, it is a complex issue to solve. We are investing €0.6bn up to 2024 to reduce leakage by an additional 171 million litres per day.

In 2018 we continued to progress works under the Leakage Reduction Programme, which was launched in 2017. Over 48,000 leaks have been repaired to date and our First Fix Free Scheme remains in place for householders. This year we also:

- ▶ Implemented a national Leakage Management System which will standardise monitoring and reporting.
- ▶ Deployed more crews on the ground across the country to 'Find and Fix' leaks.
- ▶ Completed over 39,000 leak investigations and completed 22,500 leak repairs.
- ▶ Laid 416km of water mains.

As a result of these leakage reduction activities the volume of drinking water lost during 2018 has been reduced by approximately 73.8 million litres per day (18 mld customer side savings and 55.8 mld public side savings). While we have made significant progress, leakage reduction will continue to be challenging as we repair networks that are old, complex and overstretched. With the vast majority of leaks underground, leak repair also means gaining access to pipes that are under other service connections (e.g. gas, electricity, telecoms) in built-up areas. This requires careful and detailed advance planning with other utilities and service providers.



Future Proofing

Supporting Economic and Spatial Development

We are investing in a range of programmes that will future-proof the economy and support growth at national, regional and local levels. During the year we worked with Local Authorities to support their regional and local plans, as well as other agencies, to plan for the future of water services and infrastructure. The Strategic Funding Plan 2019–2024 lays out the arrangements that Irish Water proposes to make and how progress will be measured between 2019 and 2024 to implement the objectives of the Water Services Policy Statement.

We are developing a Network Extensions Programme where Irish Water will provide support to the Local Authorities in their efforts to open up priority residential development lands.

Our Capital Investment Plan includes a provision for Irish Water to carry out studies and develop concept designs for local network reinforcement projects in development “hotspot” areas. This will help to ensure that Irish Water can respond quickly and effectively to support housing development in areas of greatest need.

Capacity and Resilience

The Irish Water Crisis Management Team was mobilised for long and sustained periods of the past year to proactively manage a number of national weather events and network disruption incidents (such as Storms Eleanor and Emma, the Staleen mains burst and the summer drought conditions). Ensuring that our network remained operational during these challenging conditions required close working co-ordination with Local Authorities, the National Emergency Coordination Group for Severe Weather, Government Departments, Met Eireann, and other partners and agencies. During these events Irish Water highlighted the key role conservation plays in the efficient management of water as a precious resource.

Drought

During the summer Ireland faced the worst drought conditions since records began. At the height of the drought 20 water treatment plants were at drought emergency levels and a further 135 plants were at risk. For the first time, Water Conservation Orders (commonly known as “hosepipe bans”) were enacted on users of public water supplies, initially on a localised level on July 1st and then on a national level from July 4th. The extended dry conditions resulted in unprecedented depletion of ground water supplies.

The response to these drought conditions included the provision of alternative water supplies by tankering supplies to depleted reservoirs; altering on-going projects and programmes; intensifying leak detection and repair activities; and identifying and activating alternative water sources such as boreholes. Our national water conservation campaign across TV, press, radio and social media encouraged householders and businesses to undertake additional water conservation measures. We also worked with specific customers and industries to offer tailored advice and support.

Contingency and Forward Planning

We continue to refine our contingency planning processes to further improve our response to crisis events. We regularly test our responses including communication protocols.

Operating Review (continued)

Building Capability

Safety

We are actively promoting a Work Safe, Home Safe culture internally and across the industry. We hosted multiple safety workshops and conferences with our Local Authority colleagues and for the wider supply chain. In 2018 Irish Water sponsored the Construction Industry Federation's Safety Week. For more information on our safety performance please see page 45.



Customer Focus

We are committed to a best-practice approach to customer service and operations, and we are focused on improving our engagement with customers. In 2018, 381,803 customer calls were answered, 69,153 work orders issued and 15,714 outbound calls made to customers on Irish Water's vulnerable customer register. We are constantly refining our service channels to give customers easier access to information and services, and our channels of engagement expanded to include Facebook and increased use of SMS text messaging.

We continued to engage with a wide range of external stakeholders in 2018 in order to improve service delivery. This included providing elected representatives with water service updates on behalf of their constituents and distributing up-to-date information to community groups and local media.

Transforming the Industry

The Water Services Policy Statement 2018–2025 includes the high level principle that there will be “one single publicly owned national water services authority”. Based on this principle the public water system is to remain in public ownership and services will be delivered by an efficient, single, regulated, national water services authority, accountable to the Oireachtas.

The Single Public Utility, once fully implemented, would allow us to standardise operations and processes, delivering major performance benefits. We are committed in 2019 to continuing to work with all parties in an open and constructive manner to deliver the optimum outcome for customers.

Funding Water Services

Irish Water welcomed the approval by the Government of its Strategic Funding Plan 2019–2024 in November 2018. Following this, we made our Revenue Control submission for the period 2020–2024 to the Commission for the Regulation of Utilities and it will hold a public consultation on this submission in early 2019 before a final decision is made.

In the period from 2014 to 2018 Irish Water has delivered cumulative operational efficiencies of €142m. These cost efficiencies were achieved through procurement, supply chain and energy management.

Connection Charging Policy

The Commission for Regulation of Utilities published its final decision in December 2018 on a single set of national connection charges for water services and a standardised scope of work for each connection. The new policy will come into effect on April 1st 2019. Up to now, the 31 Local Authorities across the country had 57 charging regimes with different methods for calculating connection charges, including different structures and customer service levels. The Irish Water national policy simplifies and clarifies charging for all by:

- ▶ Setting out Standard Connection Charges for the majority of connecting customers.
- ▶ Ensuring the charge for connections is based on service need and not the development floor area of the property.
- ▶ Providing an end-to-end connection service to customers in a consistent, safe and comprehensive manner.



Procurement

Our goal is to source the most cost-effective procurement solutions to maximise the benefits for our customers. We achieve this by developing competitive strategic sourcing processes, building up effective relationships with key suppliers and optimising the supply chain.

Corporate Responsibility

At Irish Water we believe Corporate Responsibility (CR) to be a vital part of how we do business. Our CR activities underpin our commitment to enhancing the health and quality of life of the people of Ireland, protecting our environment and enabling economic and social development.

We focus on the communities we serve, our marketplace, our workplace and the environment we work hard to protect.

In the Community

During 2018 Irish Water maintained its funding of partnerships and community programmes. These programmes promote positive behaviours in water and wastewater related activities in homes and businesses and increase awareness of water-related issues and the benefits of making simple positive changes.

Irish Water continued in partnership with An Taisce to deliver the Clean Coasts initiative. This includes the Think Before You Flush and Think Before You Pour campaigns. The aim is to raise public awareness of the impact of fats, oils and greases and sewage related litter such as wipes, cotton buds and sanitary products on our wastewater system. These campaigns also provide advice on how to correctly dispose of these items to protect wastewater networks and the marine environment.

We also partnered with the Green-Schools environmental education and awards programme to promote sustainability. The Water Theme looks at developing awareness around water conservation and how to effectively manage this important resource in schools and at home. It encourages schools and students to examine how they use water and provides practical ideas, actions and solutions to reduce consumption levels and increase sustainability.

Twenty multi-school student forums have been held around the country each year since Irish Water began to sponsor the Green-Schools programme. The forums enable schools to engage with each other and share their knowledge and experience of the Green-Schools Water Theme.

In the academic year 2017/2018, 131,140 students in 533 schools involving 10,471 teachers participated in the Water Theme of the Green-Schools programme. 141 Green Flags for water were awarded and 389 million litres of water were saved by participating schools.

In November 2018 Irish Water became a partner in a new pilot education programme in Dublin's North East Inner City, where many of the Irish Water staff

and offices are based. Known as P-TECH (Pathways in Technology) the new six-year education model integrates third level modules and workplace experiences alongside second level schooling, with the aim of enabling students to earn a third-level qualification and skills required to enter the workforce. This is the first programme of its kind in Ireland and gives Irish Water a chance to support our local communities through structured workplace learning, with mentoring, worksite visits, speakers, project days, skills-based and paid internships.

In the Marketplace

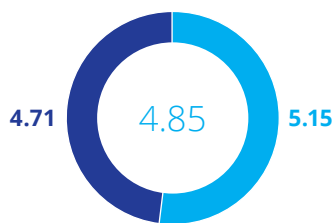
In Irish Water there is a focus on constantly improving the quality of the experience for customers through constant communication. In 2018, we changed how we communicate with customers on drinking water quality. We commenced direct communication with all users of schemes that were on the Environmental Protection Agency's Remedial Action List, with some agreed exceptions. This change was in support of the Water Services Policy Statement 2018–2025 which calls for better engagement with, and more transparency for users of public water supplies.

Irish Water is working hard on a number of efficiency and effectiveness programmes to deliver best-in-class services for our customers. We are focused on improving the quality of supply, our responsiveness and the experience customers have when they engage with us. We are committed to increasing transparency in the provision of public water services. We will continue to operate in accordance with our statutory requirements including planning and public consultations, regulated price controls, funding requirements and business plans and strategies. Beyond this, we regularly proactively communicate and consult with a wide range of community, environmental, business and interest groups and their elected representatives. We will continue to engage in proactive two-way communications with all relevant stakeholders on our journey to become Ireland's leader in infrastructure and service delivery.

Corporate Responsibility
(continued)

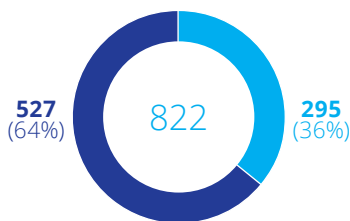
Average Length of Service – Years

● Men ● Women



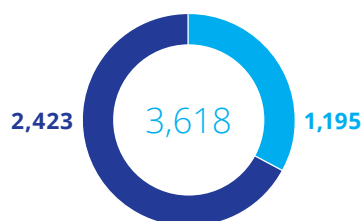
Gender – Employees

● Men ● Women



Training Completed – Days

● Men ● Women



In the Workplace

Our overarching ambition is that the people who work across our company feel like this is a great place to work, and that their experience of coming to work every day is enriching and rewarding. Our five core values of collaboration, integrity, customer service, safety, and performance shape and inform our ways of working and are key enablers of our company culture.

As an organisation we are committed to listening to our people in a number of ways. This includes engagement surveys, connecting with our people through focus groups on our culture ambitions and a program of two way leadership communications. By continuing to listen and address areas that are important for our people, we can take really positive steps to shape our culture, improve how we do things and how we support our people, and most of all make Ervia a great place to work.

We aim to create an environment where all of our people find their role both personally and professionally rewarding. These are a sample of some of the employee related initiatives that we implemented over the past year:

- ▶ Performance Coaching and Feedback Initiative: We have developed a key initiative to support our people managers across our organisation to ensure that meaningful and quality performance and career discussions are happening for our people.
- ▶ Visible Leadership: We have focused on rolling out a comprehensive series of internal communications programmes such as Leadership Roadshows and open door initiatives, to ensure that all our teams feel connected to the leadership and purpose of the organisation.
- ▶ Employee Well Being: We aim as an organisation to provide a safe and healthy work place and have supported this ambition through specific programs in the areas of occupational resilience, mental health awareness and healthy living initiatives.
- ▶ Agile Working: We are committed to providing a work place which allows all our people to balance their professional lives with the many and important personal commitments to ensure that a work life balance can be a reality. We

have introduced agile working in 2018 which will allow our teams to have additional flexibility with respect to working time and or location.

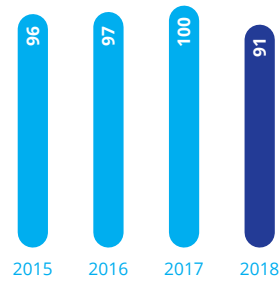
As an organisation we are entrusted every day with the provision of essential services to the people of Ireland and we will only be able to do this through our people. We will continue to listen to the great ideas that our people generate. We will build on the work already undertaken in 2018 to ensure that all our people feel that not only is their contribution valued but that the experience of being part of Ervia is rewarding.

Safety

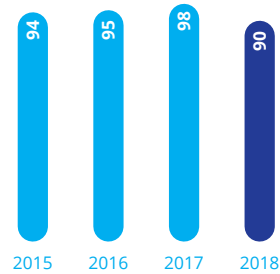
At Irish Water we put Safety at the heart of what we do. In 2018 we had one employee Lost Time Injury (LTI). For an employee base of 822 this represents an excellent safety performance, however, we continue to strive for zero injury. The employee Total Lost Time Injury Rate* (>1 day) was 0.09. Our Work Safe, Home Safe programme continues to deliver measurable improvements to our safety performance, communications, leadership and culture. In 2018 we saw significant improvements in our proactive safety indicators such as the number of hazard reports and the number of safety leadership conversations held. These improvements have proved to be of great benefit over 2018 with extreme weather events such as Storm Emma being managed without a safety incident.

There was a total of 90 delivery partner LTIs in 2018 against a total of 98 in 2017. Over the course of 2018 Irish Water have continued to work closely with our supply chain to continuously improve safety performance and work towards zero injury occurrences. This will remain a key area of focus for 2019.

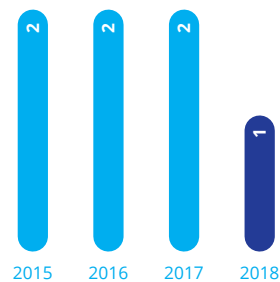
Total LTIs



Contractors LTIs



Employee LTIs



*Number of incidents per 100,000 hours worked

Corporate Responsibility (continued)

In the Environment

As guardians of Ireland's water and wastewater assets we have a responsibility to protect the environment in which we operate and to act responsibly through our activities.

We also believe that by engaging with our suppliers and supply chain partners we can provide responsible and sustainable operations, in particular through our procurement and contract management processes.

The European Union (Energy Efficiency) Regulations (S.I. No.426 of 2014) require us to publish an annual statement describing the actions we are taking, or have taken, to improve our energy efficiency and an assessment of the energy savings arising from those actions.

Energy Usage

Irish Water accounts for 21% of public sector energy consumption and is by far the largest consumer of electricity in the public sector. The provision of water and wastewater services requires more than 1,000GWh of energy per year, equating to two hundred and thirty thousand tonnes of carbon dioxide. In wastewater services energy is mostly used in pumping and aeration in the treatment processes. Water supply pumping accounts for by far the largest portion of energy used. The processing and transport of sludge from water and wastewater treatment facilities also has a significant energy requirement. Our energy base demand will continue to increase in line with economic activity, population growth and higher standards required to safeguard the environment and support economic growth. All plans, projects and programmes use the Irish Water Energy Efficient Design standard. This ensures the improvement of the energy efficiency of water and wastewater services and reduces total life cycle costs and emissions of carbon dioxide.

Energy efficiency improvement is a key mitigation measure of our climate change policy to help ensure water and wastewater services are resilient to climate change. We are implementing a business wide sustainable energy strategy, aligned with the

UN Sustainable Development Goals, to ensure the sustainable management of water services. The aim is to delink energy use from emissions through energy efficiency improvements and decarbonising energy sources. It sets out how we aim to achieve a 33% improvement in our energy efficiency by 2021, against a base year of 2009.

In collaboration with our partners, we have delivered an energy efficiency improvement of more than 22% to date with a corresponding saving of over 50,000 tonnes of carbon dioxide or the amount of carbon dioxide absorbed annually by nearly 5 million trees.

Measures taken in 2018 to achieve long-term sustainable energy efficiencies included:

- ▶ Progressing energy efficiency projects across our operations including pumping, aeration, renewable energy, lighting and heating.
- ▶ Committing to a new strategic initiative with the Sustainable Energy Authority of Ireland to embed energy efficiency in our operations.
- ▶ Agreeing new targets for our sustainable energy strategy across a number of strands including energy projects, new projects, innovation and renewable energy.
- ▶ Further embedding Energy Efficiency Design to ensure a high level of energy performance and efficient energy use.

Objectives planned for 2019 include:

- ▶ Embedding an asset management approach to energy efficiency.
- ▶ Implementing our sustainable energy strategy.
- ▶ Decarbonising our energy consumption.
- ▶ Improving energy efficiency by upgrading and replacing inefficient plant and processes.
- ▶ Reducing our demand for energy by reducing leaks.
- ▶ Upskilling staff on Energy Efficiency Design.
- ▶ Continuing to embed Energy Efficiency Design into business activities.

Governance Reports

The Ervia Board



Tony Keohane (Chairman)

Appointed: July 5th 2016
Term: 5 years



Mike Quinn (Group CEO)

Appointed: October 31st 2017
Term: 5 years



Chris Banks

Appointed: July 5th 2016
Term: 5 years



Fred Barry

Appointed: July 5th 2016
Term: 4 years



Peter Cross

Appointed: January 20th 2015
Term: 5 years



Celine Fitzgerald

Appointed: January 20th 2015
Term: 5 years



Keith Harris

Appointed: July 5th 2016
Term: 3 years



Sean Hogan

Appointed: January 20th 2015
Term: 5 years



Mari Hurley

Appointed: June 12th 2018 (having previously been appointed in June 2013)
Term: 5 years



Finbarr Kennelly

Appointed: December 12th 2017 (having previously been appointed in December 2012)
Term: 5 years



Joe O'Flynn

Appointed: July 10th 2018 (having previously been appointed in January 2015, November 2013 and November 2008)
Term: 3 years

The Irish Water Board



Mike Quinn (Chairman)

Appointed: October 31st 2017

Term: 5 years

Career: Joined Ervia in late October 2017 from Bord na Móna where he held the role of Chief Executive Officer. He joined Bord na Móna in 2015 having worked as a Group Vice President for Precision Castparts (PCC), a global aerospace company, where he led a group of five companies with locations in the USA, India, China, the UK and Ireland. Prior to joining PCC, Mike held various senior management positions in Tellabs, Stryker and Lufthansa Tecknik. He spent the earlier part of his career working in engineering roles with Amdahl Ireland and Apple Computers.



Eamon Gallen

Appointed: October 1st 2018

Term: 5 years

Career: Acting Managing Director of Irish Water since 1st October 2018, having previously held the positions of General Manager and Head of Customer Operations in Irish Water. Eamon joined Ervia in 2004 and prior to taking on roles in Irish Water, he previously held the role of Ervia Chief Information Officer (CIO) and he has held a number of senior programme management roles including the programme to establish Irish Water. Eamon has a CIMA honours degree, an MBA from University College Cork and is a qualified Chartered Director.



Cathal Marley

Appointed: December 1st 2016

Term: 5 years

Career: Group CFO of Ervia. He joined Ervia in 2016 and has worked for over 20 years in the energy and infrastructure sectors, including electricity, gas and water. Having operated in a number of senior financial roles within large organisations both in Ireland and in Eastern Europe, he brings extensive commercial and fund raising experience to Ervia. He is a Fellow of the Institute of Chartered Accountants in Ireland and holds an MBA from the UCD Michael Smurfit Business School. Cathal also serves on the Audit Committee of Dublin City University.



Michael G. O'Sullivan

Appointed: December 1st 2014

Term: 5 years

Career: Joined Ervia (formerly Bord Gáis Éireann) in 2006 as Group Chief Financial Officer. Has held a number of Senior Executive roles over the years and currently holds the position of Director Business Services. He is a fellow of the Chartered Association of Certified Accountants, is a member of the Irish Association of Corporate Treasurers and holds an MBA from Manchester Business School.



Brendan Murphy

Re-appointed: November 1st 2018, having previously been appointed in November 2017 and December 2014.

Term: 3 years

Career: Commercial and Regulatory Director of Ervia since December 2013. He previously served as Director of Finance Technology and Risk with the NTMA and prior to that as Group Treasurer of ESB.

Brendan is a Chartered Accountant and a Fellow of the Association of Corporate Treasurers U.K.

Report of the Board

The Governance Statement

The Board of Directors of Irish Water (“the Board”) present their Report of the Board for the financial year ended December 31st 2018. Irish Water (“the Company”) was incorporated in July 2013 as a private company pursuant to the Water Services Act 2013 (and the Companies Act 2014). Irish Water brings the water and wastewater services of the 31 Local Authorities together under one national service provider.

Irish Water is a subsidiary of Ervia. However, due to its share ownership structure, Irish Water does not currently meet the definition of a subsidiary for accounting purposes and therefore it is not consolidated into Ervia’s financial statements. Ervia (‘the Group’) operates as a group with five divisions in a single multi-utility model. Irish Water and Gas Networks Ireland are the operating utility divisions. Major Projects delivers key national gas, water and wastewater infrastructure projects. Business Services provides a specialised centre of excellence for HR, IT and Business Operations. Group Centre provides corporate oversight and governance for all of the Group activities.

A unitary Board structure has been adopted by Ervia, which takes ultimate responsibility for the governance of Ervia and its subsidiaries. Appropriate committees are in place at the Group level which act in respect of the entire group. From a governance perspective, Irish Water matters are overseen by both the Irish Water Board and the Ervia Board.

Irish Water, as a subsidiary of Ervia, is obliged to comply with the Code of Practice for the Governance of State Bodies (“the Code”). The Board are responsible for ensuring compliance with the Code and are satisfied that the Company has complied with the applicable requirements of the Code throughout the year under review. In accordance with provision 1.9 of the Business and Financial Reporting Requirements outlined in the Code, Irish Water reports to Ervia and to the Minister for Housing, Planning and Local Government (“the Minister”) on its compliance with the Code.

Irish Water is subject to the provisions of the Companies Act 2014. For details of the principal legislation under which Irish Water operates and to access the key documentation which underpins the corporate structure, refer to <https://www.water.ie/about-us/freedom-information/modelpublication-scheme/about/>

Directors’ Compliance Statement

The Board acknowledges that they are responsible for securing the Company’s compliance with its relevant obligations in accordance with Section 225 of the Companies Act 2014.

The Board is of the opinion that the policies and the structures and arrangements which the Company has in place are appropriate to secure material compliance by the Company with its relevant obligations. The Company’s “relevant obligations” are identified in the Compliance Policy Statement and the associated Compliance Matrix which identifies the key actions and checks that must be in place. This Compliance Policy Statement has been communicated to all senior management of the Company to ensure consistent and robust adherence. The Board carried out a mid-financial year and year-end review of the arrangements and structures in place for 2018 to secure the Company’s material compliance with its relevant obligations.

Compliance is a dynamic process, involving multiple policies and procedures, the commitment of the Board and senior management and the support of all employees, contractors and agents to make the policy effective. The Board is committed to fostering an environment at Board level and throughout the Company which raises awareness and respects and promotes the aims of the Compliance Policy Statement.

Role and Responsibilities of the Board

The Board's role is to provide leadership and direction to the Company within a framework of prudent and effective controls which enables risk to be assessed and managed, and satisfies itself, with reasonable assurance, that such controls are adequate to secure compliance with statutory and governance obligations.

The Ervia Governance Framework outlines the formal schedule of matters reserved for the Irish Water Board.

Schedule of matters reserved for Irish Water Board	Matters considered by the Irish Water Board during 2018
<ul style="list-style-type: none"> ▶ Approval of Annual Report and Accounts. ▶ Annual Business Plan. ▶ Annual Budget. ▶ Review and adoption of Ervia's Risk Management Policy, as it relates to Irish Water. ▶ Affixing the company seal to documents. ▶ Review and approval of Safety Policy and Procedures. 	<ul style="list-style-type: none"> ▶ Approval of orders prohibiting certain water usage as a result of drought conditions during the summer months. ▶ Approval of revolving credit facilities with credit institutions. ▶ Approval of 2017 Annual Report and Financial Statements and the un-audited interim financial statements. ▶ Approval of budgets for capital programmes and expenditure. ▶ Approval of Enterprise Risk Management Policy as it relates to Irish Water. ▶ Approval of submission of the Strategic Funding Plan 2019–2024. ▶ Review and consideration of Director's Compliance Policy Statement. ▶ Review and consideration of Lead Mitigation Programme plan. ▶ Review and consideration of Leakage Management plan.

Report of the Board (continued)

Directors' Responsibilities Statement for the Annual Report and Financial Statements

The Board is responsible for preparing the Director's Report and the financial statements in accordance with the Companies Act 2014 and the applicable regulations. Irish company law requires the Directors to prepare financial statements for each financial year. Under the law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("relevant financial reporting framework"). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- ▶ Select suitable accounting policies for the Company financial statements and then apply them consistently.
- ▶ Make judgements and estimates that are reasonable and prudent.
- ▶ State whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards.
- ▶ Prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking

reasonable steps for the prevention and detection of fraud and other irregularities.

The Board in 2018

Following the retirement of Jerry Grant, the former Managing Director of Irish Water on September 30th 2018, Eamon Gallen was appointed Acting Managing Director of Irish Water.

Mr. Gallen was also appointed to the Board, in his capacity as Acting Managing Director with effect from October 1st 2018.

Brendan Murphy was re-appointed to the Board for a three year period in November 2018.

Board Composition, Appointment and Re-election

In accordance with the Memorandum and Articles of Association of Irish Water, the Board's composition is a matter for Ervia subject to the approval of the Minister for Housing, Planning, and Local Government.

In accordance with the Memorandum and Articles of Association of Irish Water, Ervia has the power to appoint and remove Directors of the Company, subject to Ministerial consent. The Directors are appointed for a term that shall not exceed five years. Re-election of Directors is reserved for Ervia and is subject to the consent of the Minister.

The Board has a blend of skills and experience and the necessary competence to address the major challenges of the Company. The Board is led by the Chairman, Mike Quinn, who is responsible for ensuring its effectiveness in all aspects of its role. The Company Secretary is responsible for ensuring that Board procedures are complied with and for advising the Board, through the Chairman, on governance matters generally.

Induction and Development of New Directors

On appointment, Directors are provided with detailed briefing documents, governance, financial and operational information. Directors have access to training programmes and the ongoing development needs of Board members are kept under review.

Directors' Remuneration, Expenses and Attendance

The Directors are not entitled to receive fees. Remuneration of the Directors as disclosed in note 4 of the financial statements represents an apportionment of total remuneration earned in their capacity as salaried employees of Ervia, based on services provided to the Company. The remuneration of the former Managing Director and the Acting Managing Director of the Company is outlined in note 4 of the financial statements. A schedule of the attendance at the Board meetings for 2018 is outlined below.

Director	Meeting Attendance (attended/eligible)	Fees as Irish Water Director for 2018	Expenses as Irish Water Director 2018
Mike Quinn (Chairman)	14/16	Nil	Nil
Jerry Grant (retired September 30th 2018)	12/12	Nil	Nil
Eamon Gallen (appointed October 1st 2018)	4/4	Nil	Nil
Cathal Marley	14/16	Nil	Nil
Brendan Murphy	16/16	Nil	Nil
Michael G. O'Sullivan	12/16	Nil	Nil

Board Committees

From a governance perspective, Irish Water matters are overseen by both the Irish Water Board and the Ervia Board and by the committees established at Group level. Irish Water meets the definition of a relevant company under Section 167 of the Companies Act 2014. The Ervia Audit and Risk Committee is established at the Group level due to the unitary Board structure adopted by Ervia.

Ervia has appropriate committees in place which act in respect of the entire Group and therefore no such committees have been established at the Company level. For the financial year ending December 31st 2018, the Board of Ervia was assisted in the discharging of its obligations through the delegation of certain roles and responsibilities to three committees:

- ▶ Audit and Risk Committee.
- ▶ Investment/Infrastructure Committee.
- ▶ Remuneration Committee.

In addition, the Single Public Utility Committee (formerly the Water Industry Operating Framework Committee) is a specific purpose Committee established to provide oversight of the transformation of water services delivery in Ireland. The Project 23 Committee is a specific purpose Committee established by the Ervia Board in July 2018 to oversee the separation of Irish Water as a

standalone, publicly owned, commercial, regulated utility from the Ervia Group during 2023. The Committees assist the Ervia Board by giving detailed consideration to business, operational and financial issues across the Ervia Group and they report to the Ervia Board with any necessary recommendations.

For a report of the Ervia Audit and Risk Committee see page 62. The Ervia Audit and Risk Committee met 5 times during the year. The Ervia Remuneration Committee met 8 times during the year. The Ervia Investment/Infrastructure Committee met 11 times during the year. The Single Public Utility Committee met 4 times during the year. The Project 23 Committee met twice during the year.

Board Effectiveness

The Board has an appropriate balance of skills, experience and knowledge of the Company to allow it to discharge its duties and responsibilities effectively. The Board is of sufficient size to ensure that this balance of skills and experience can be utilised appropriately and changes to the Board's composition can be managed without undue disruption.

Report of the Board (continued)

Relations with Shareholders

Ervia holds one 'A' share in the Company and the Minister for Housing, Planning and Local Government and the Minister for Finance hold 325 'B' shares each.

The nature of the unitary Board structure in operation in the Ervia Group facilitates active and ongoing consultation between Irish Water and Ervia. The Company also actively engages with its parent department, the Department of Housing, Planning and Local Government and with the Department of Finance.

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

The Board is responsible for ensuring that Irish Water has complied with the requirements of the Code. The following disclosures are required by the Code:

Analysis of Employee Benefits

Details of the number of employees whose total employee benefits (excluding employer pension costs and termination benefits) for the year for each band of €25,000 from €50,000 upwards are set out below.

	2018	2017
€50,000-€75,000	313	291
€75,001-€100,000	182	172
€100,001-€125,000	56	47
€125,001-€150,000	23	25
€150,001-€175,000	7	5
€175,001 and above	3	2

Note: All short-term employee benefits in relation to services rendered during the reporting period are included in the disclosure above. Refer to note 5 of the Financial Statements for further analysis of the various benefits included.

Consultancy Costs

Consultancy costs include the directly incurred cost of external advice. They are defined as engagements to provide intellectual or knowledge-based services (e.g. expert analysis and advice) through delivering reports, studies, assessments, recommendations, proposals, etc. that contribute to decision or policy-making for a limited time period to carry out a specific finite task. They exclude outsourced 'business-as-usual' functions. Where consultancy work is contracted by Ervia on behalf of its subsidiaries (including Irish Water), its related cost is included in the Ervia Group disclosure rather than here in this disclosure.

	2018 €'000	2017 €'000
Legal advice	530	544
Financial advice	517	406
Human resources	-	708
Business improvement/ development	49	7,680
Other	858	3,925
Total consultancy costs	1,954	13,263
Capitalised	353	6,908
Income statement	1,601	6,355
Total consultancy costs	1,954	13,263

Legal Costs and Settlements

The table below provides a breakdown of amounts recognised as expenditure in the reporting period in relation to legal costs, settlements, conciliation and arbitration proceedings. This does not include expenditure incurred in relation to general legal advice as this is included in consultancy costs above.

	2018 €'000	2017 €'000
Legal fees – legal proceedings	1,381	1,366
Settlements	3,973	591
Total	5,354	1,957
Number of legal cases	13	18

Note 1: This disclosure note excludes payments made by our insurance company.

Note 2: The number of cases relate to cases initiated by Irish Water itself or legal proceedings taken against it, and excludes insurance proceedings and wayleave conciliations.

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2018 €'000	2017 €'000
<i>Domestic</i>		
Board	-	-
Employee	2,760	2,530
<i>International</i>		
Board	-	-
Employee	29	20
Total	2,789	2,550

Travel and subsistence expenditure by Irish Water Directors in 2018 was €nil (2017: €nil). Travel and subsistence expenditure incurred by Irish Water Directors is deemed to be incurred in their capacity as employees.

Hospitality

The income statement includes the following hospitality expenditure:

	2018 €'000	2017 €'000
Staff hospitality	3	12
Client hospitality	-	-
Total	3	12

Transparency

Irish Water is an open organisation which strives to be accountable and transparent to the public.

Irish Water is committed to improving the 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 Irish Water's employees and management may raise concerns, or make disclosures in the public interest, in accordance with the Protected Disclosures Act 2014, is outlined in the Ervia Group Protected Disclosures Policy. Further guidance on raising concerns for management and employees is outlined in the Ervia Group Code of Business Conduct and the Ervia Group Anti-Bribery and Anti-Corruption policy. Section 22 of the Protected Disclosures Act 2014 requires Irish Water to publish an Annual Report relating to protected disclosures made under the Act. In accordance with this requirement, Irish Water confirms that in the year ending December 31st 2018, there were no protected disclosures to report.

Regulation of Lobbying

Irish Water is registered on the lobbying register maintained by the Standards in Public Office Commission and has made the required returns for the return periods in 2018 in accordance with the requirements of the Regulation of Lobbying Act 2015.

Prompt Payments

Appropriate internal financial controls are in place within the Company to ensure compliance with the provisions of the European Communities (Late Payments in Commercial Transactions) Regulations

Report of the Board (continued)

2012. Controls include setting clearly defined roles and responsibilities, monthly reporting and a review of payment practices. Procedures have been put in place to identify the dates upon which invoices fall due for payment and for payments to be made on or before such dates. These procedures provide reasonable assurance against material non-compliance with the Regulations. No interest in respect of late payments was paid in 2018.

The Company is a signatory to the Prompt Payment Code as launched by the Government in 2015 and pursuant to its provisions, undertakes 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.

Freedom of Information

The Company is subject to the provisions of the Freedom of Information Act 2014 ('FOI Act'). A Model Publication Scheme has been prepared and published in accordance with the requirements of Section 8 of the FOI Act. The scheme is accessible through the Company's website www.water.ie. Under the scheme, the Company publishes as much information as possible in an open and accessible manner on a routine basis outside FOI, having regard to the principles of openness, transparency and accountability.

Data Protection

In order for Irish Water to provide the customer with water services, and to enable Irish Water to establish and manage the relationship with that customer, Irish Water needs to collect and use data relating to the customer. Irish Water is committed to protecting the rights and privacy of its customers in accordance with Data Protection Law. An organisation wide project was undertaken in 2017/2018 to ensure compliance with the General Data Protection Regulation ((EU Regulation 2016/679) ahead of its commencement on May 25th 2018.

Statement on the System of Internal Controls

Scope of Responsibility

The Board acknowledges its responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it and can only therefore provide reasonable but not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in Irish Water for the year ended December 31st 2018 and up to the date of approval of the financial statements.

Management of Risk

A unitary Board structure has been adopted by Ervia which takes ultimate responsibility for the governance of Ervia and its subsidiaries, including Irish Water. Appropriate Committees are in place at the Ervia Group ("the Group") level that act in respect of the entire group.

Ervia has an Audit and Risk Committee (the "ARC"), which acts in respect of the Group, comprising 5 non-executive Ervia Board members who have the necessary expertise required for the role. The duties and responsibilities of the ARC in relation to Ervia enterprise-wide risk management, are to assist and make recommendations to the Ervia Board on the discharging of the Ervia Board's responsibilities as they relate to this area. The ARC informs the Irish Water Board on an exceptions only basis of matters which arise during its review of the financial statements of Irish Water which are material to the approval of the Irish Water Financial Statements. From a governance perspective, Irish Water matters are overseen by both the Irish Water Board and the Ervia Board.

All employees of Irish Water have a responsibility for the effective management of risk which includes designing, operating and monitoring the systems of internal control for Irish Water. The Group CEO is the accountable executive with ultimate responsibility. The Group CEO delegates clear roles and responsibilities for effective risk management and for ensuring the systems of internal control are operating effectively to his Executive Team and their reports.

Ervia has an established Internal Audit function which is adequately resourced and conducts a programme of work agreed with the ARC for the entire Group, including Irish Water. The Group Head of Internal Audit reports directly to the ARC and to the Group Chief Financial Officer.

Ervia also has an established Risk Management function which is adequately resourced and responsible for the design and implementation of an Enterprise Risk Framework and for ensuring that sufficient risk management experience and skills are available throughout the Group, including Irish Water. The Group Head of Risk Management reports to the Group Chief Financial Officer and attends all ARC meetings.

In particular, the Risk Management function:

- ▶ Ensures that adequate and consistent processes and oversight are in place for identifying, measuring, managing, monitoring and reporting of risks to which Irish Water is exposed.
- ▶ Ensures that oversight is maintained and an assessment is undertaken of the Irish Water risk profile including principal risks, emerging and trending risks and high impact low probability risks, including a description of these risks and associated mitigation measures or strategies and their effectiveness.
- ▶ Embeds an appropriate risk management culture.

Irish Water has a responsibility under the Code to ensure effective systems of internal control are maintained and operated. An assessment of the effectiveness of these controls is required annually. In order to address this requirement the Ervia Group developed the Integrated Assurance Forum ("IAF") which reports to the Group Chief Financial Officer. A revised integrated assurance process was rolled out across the Ervia Group in 2017 and continued to evolve in 2018.

The IAF meets quarterly to confirm all assurance activities and required sign-offs are co-ordinated and evidenced in a structured manner. This culminates with the IAF, at year-end, providing assurance to the Board on the effectiveness of the controls. The IAF process, along with numerous other governance, risk and control activities across the Ervia Group, supports the Board in signing-off on the Statement on the System of Internal Control.

Risk and Control Framework

The Board has overall responsibility for ensuring the Company has an appropriate risk management system in place. Irish Water has established processes to identify and evaluate business risks by:

- ▶ Identifying the nature, extent and financial implication of risks facing Irish Water including the extent and categories which it regards as acceptable.
- ▶ Assessing the likelihood of identified risks occurring.
- ▶ Assessing Irish Water's ability to manage and mitigate the risks that do occur through associated mitigation plans and strategies.
- ▶ Establishing an anti-fraud training programme for all staff.

The ARC provides oversight of these activities on behalf of the Ervia Board and is responsible for assisting the Ervia Board in discharging its responsibilities as they relate to this area. On a quarterly basis the ARC performs, on behalf of the Ervia Board, a substantive review of the Ervia Group Risk Register prepared by management, which includes risks relating to Irish Water, ensuring oversight of the key risks and reviewing the effectiveness of management's responses to key risk exposures facing the Ervia Group. The ARC also reviews the overall integrity of the risk management system including the effectiveness of the Group risk function. The Group maintains a comprehensive suite of formal policies and procedures, to ensure that appropriate delegation practices are implemented across the Group including Irish Water. The policies and procedures include the setting and maintenance of appropriate authorisation limits, the establishment of appropriate segregation of duties and the documentation of processes and controls that are focused on preventing and detecting fraud.

Report of the Board (continued)

The Irish Water system of internal control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular it includes:

- ▶ Responsibility by management at all levels within Irish Water and Ervia for internal control and risk management over respective business functions.
 - ▶ Clearly defined organisational structure, with defined authority limits and reporting mechanisms to higher levels of management and to the Irish Water Board as well as Ervia management and the Ervia Board.
 - ▶ Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Irish Water Board.
 - ▶ Comprehensive system of financial reporting.
 - ▶ Comprehensive set of policies and procedures relating to operational and financial controls, including capital expenditure. Large capital projects require Ervia Board approval, and are closely monitored on an ongoing basis by the Ervia Investment/Infrastructure Committee.
 - ▶ Comprehensive set of management information and performance indicators is produced quarterly, enabling progress against longer-term objectives and annual budgets to be monitored, trends evaluated and variances acted upon.
 - ▶ A risk management process enabling identification and assessment of risks that could impact achievement of agreed business objectives and ensuring appropriate mitigating measures and controls are put in place.
 - ▶ A Group Risk Management Committee chaired by the Group CEO which reports to the Ervia Audit and Risk Committee.
 - ▶ Robust finance and accounting systems and processes which support the regular flow of information to Irish Water management, Ervia Senior Management and the Irish Water Board.
 - ▶ Code of Conduct requiring all employees to maintain the highest ethical standards.
 - ▶ Comprehensive anti-fraud programme including anti-fraud policy, training and communication and a fraud response plan.
 - ▶ Anti-Bribery and Anti-Corruption policy enacted with associated training and communications for all staff.
- ▶ Corporate Governance Framework, including financial control and risk assessment. This is monitored by Ervia and Irish Water management and by the Ervia Internal Audit and Risk Management functions.
 - ▶ Ervia Internal Audit and Risk Management functions both conduct systematic reviews of internal financial and operational controls. In these reviews, emphasis is focused on areas of greater risk as identified by risk assessment.
 - ▶ An Integrated Assurance Forum framework, which further consolidates and co-ordinates in a structured manner all assurance activities in the organisation across the “Three Lines of Defence”. This ensures that Irish Water maximises risk and governance oversight on control to build organisational resilience and follows leading practice to meet all compliance obligations and governance requirements.
 - ▶ 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, monthly performance reporting, supported by assurance activities of Risk, Internal and External Audit.

There were no material issues highlighted in our internal control environment through 2018.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes. Control deficiencies are communicated to those responsible for taking corrective action and to management and the Board of Irish Water, where relevant, in a timely way. Irish Water confirms that it has procedures to monitor the effectiveness of its risk management and control procedures.

The monitoring and review of the effectiveness of the system of internal control in respect of Irish Water is informed by the work of executive managers within the Irish Water and Ervia who have responsibility for the development and maintenance of the internal control framework. This is supplemented by the ARC who oversee the work of the Ervia Risk Management function, the work of Ervia Internal Audit and comments made by the

External Auditors in their management letter and/or other reports.

Ongoing monitoring by Ervia and Irish Water management includes:

- ▶ Review and consideration of the programme of Internal Audit and consideration of its reports and findings in respect of Irish Water. The programme of internal audit for Irish Water is also reviewed by the ARC.
- ▶ Review of regular reporting from Internal Audit on the status of the internal control environment in Irish Water and the status of issues raised previously from their own reports. These reports are also reviewed by the ARC.
- ▶ Participation in the Integrated Assurance Forum.
- ▶ Preparation of reports by the Acting Managing Director of Irish Water on the effectiveness of the operation of the system of internal control, both financial and operational.
- ▶ Monthly meetings with the Ervia Executive to discuss financial, risk, internal audit and operational matters pertaining to Irish Water.
- ▶ Ongoing monitoring by the ARC includes:
 - ▶ Review of the Integrated Assurance Forum reports over the system of internal control in Irish Water. This is performed on a quarterly basis as part of the review of the Group results of the Integrated Assurance Forum.
 - ▶ Review of reports from the external auditors, which contain details of any material internal financial control issues.
 - ▶ Review and consideration of the reports from the Active Managing Director of Irish Water on the effectiveness of the operation of the systems of internal control, both financial and operational.
- ▶ Ongoing monitoring by the Irish Water Board includes:
 - ▶ Review and consideration of the reports from the Acting Managing Director of Irish Water on the effectiveness of the operation of the systems of internal control, both financial and operational.
 - ▶ Review of reports from the external auditors, which contain details of any material financial control issues.

Irish Water has a robust framework to review the adequacy and monitor the effectiveness of internal controls covering financial, operational compliance

and risk management. The Board is satisfied that the system of internal controls in place for Irish Water is appropriate for the business.

Procurement

The Board is satisfied that there are procedures in place to ensure compliance with procurement rules and guidelines and that procurement policies and procedures have been developed and published for all staff. During the year ended December 31st 2018 Irish Water complied with the relevant provisions of the Public Spending Code.

General Data Protection Regulation (GDPR)

GDPR came into effect across Europe in May 2018. A core requirement under GDPR is the appointment of a Data Protection Officer. The Ervia Group Data Protection Officer took up her role in May 2018 in advance of the new law taking effect. The Ervia Group Data Protection Officer has not raised any areas of concern regarding non-compliance with regards to legislative requirements under GDPR.

Review of Effectiveness

The Board confirms that Irish Water has procedures to monitor the effectiveness of its risk management and control procedures. Irish Water's monitoring and review of the effectiveness of the system of internal control is informed by the senior management within Irish Water and Ervia responsible for the development and maintenance of the internal control framework, the work of the internal and external auditors and the ARC which oversees their work on behalf of the Ervia Board.

The Board has reviewed the effectiveness of the system of internal control up to the date of approval of the Financial Statements, covering financial, operational and compliance controls and risk management systems for 2018 and will ensure a similar review is performed for 2019. A detailed review was performed by the ARC, which reported on its findings to the Ervia Board.

Report of the Board (continued)

Internal Control Reporting

Irish Water continues to manage a large number of assets with an aging infrastructure that requires significant investment. It faces ongoing challenges on its journey to deliver the business plan objectives. The key control procedures, including the operation of the Local Authority protocols under the Service Level Agreements which manage the interaction processes between Irish Water and Local Authorities, continued to evolve and develop in 2018. Irish Water has continued to implement the required systems, processes and procedures necessary to ensure robust internal financial controls through applying Ervia's policies and internal control framework.

As part of its control framework in 2018, it should be noted, Irish Water continued to rely on certain controls operated by Local Authorities on its behalf.

No material weaknesses in the internal control environment were identified during the course of conducting the internal audits completed in 2018 that have not been or are not in the process of being addressed and that have not been brought to the attention of the ARC during the year.

External Auditor Review

The external auditors, Deloitte, have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances.

Conclusion

Principal Activities and Company Overview

The principal activities and an overview of the Company are provided in the Acting Managing Director's Report on pages 8–9.

Results for the Year

The results for the year are outlined in the Financial Review on page 30. The policy direction from the shareholder is that Irish Water should not pay a dividend, rather any surplus generated from its operations should be reinvested in fixing water infrastructure.

Business Review and Future Developments

Commentaries on performance in the year ended December 31st 2018, including information on future developments are contained in the Operating Review on page 34.

Accounting Records

The Directors believe that they have complied with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at Colvill House, 24/26 Talbot Street, Dublin 1.

Political Donations

There were no political donations made during the financial year by the Company (2017: Nil).

Principal Risks and Uncertainties

The regulated and operational complexity of our business exposes the Company to a number of risks. Understanding our risks will enable the Company to take informed, better decisions and ultimately create added value for our stakeholders. An outline of the principal risks faced by the Company is discussed in the Report on Risk Management at page 24. Refer to note 22 for full analysis of the Company's financial risk management objectives, policies and exposures.

Research and Development

Irish Water is currently involved in a number of innovative projects developing assessment methodology for climate change adaptation and novel sensing techniques for monitoring trade effluent. These projects are funded by the Water Services Innovation Fund administered by the Commission for Regulation of Utilities and will deliver benefits for our customers, the environment and the economy.

Key Performance Indicators

The Directors monitor performance using a suite of key performance indicators. These are considered in detail on pages 22–23.

Directors and Secretary and their Interests

The Directors had no beneficial interests in the Company at any time during the financial year or at December 31st 2018. The Company Secretary, Liam O’Riordan, and Michael G. O’Sullivan (Executive Director) are beneficiaries of the Ervia Employee Share Ownership Plan. Directors are free from any business or other relationships that could materially affect, or could appear to affect, the exercise of their independent judgement.

Directors disclose any interest and recuse themselves from Board discussions and decisions where they are conflicted or have a direct or indirect interest as required by the Code. In compliance with “Guidelines on Contracts, Remuneration and Other Conditions of Chief Executives and Senior Management of Commercial State Bodies” issued in March 2006, no remuneration was provided to the Directors or Secretary in their capacity as such. In accordance with Section 1.4 of the Business and Financial Reporting Requirements annexed to the Code the remuneration of the former Managing Director and Acting Managing Director of Irish Water for the period is outlined in note 4 of the financial statements.

Companies Act 2014

Irish Water is exempt from the obligation to use the words ‘Designated Activity Company’ describing the company type in its name pursuant to section 151 of the Companies Act 2014.

Statement on Relevant Audit Information

In accordance with Section 330 of the Companies Act 2014, the Directors confirm that, in so far as they are aware, there is no relevant audit information of which the Company’s statutory auditors are unaware, and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company’s statutory auditors are aware of that information.

Going Concern

The Directors have a reasonable expectation that the Company will continue to meet its liabilities as and when they fall due and continue in operational existence for the foreseeable future. The Company’s forecasts and projections show that Irish Water is expected to meet its liabilities as and when they fall due through a combination of State funding/ support and/or tariffs charged by Irish Water and/ or third party borrowings. The Company’s funding strategy remains reliant on short term commercial funding and Government support. Accordingly the Director’s continue to adopt the going concern basis in preparing the Company’s financial statements.

Subsequent Events

There have been no material events between the balance sheet date and the date on which the financial statements were approved.

Independent Auditor

In accordance with Section 17(3) of the Water Services Act 2013, fees payable to Deloitte to audit the financial statements of Irish Water for the year 2018 have been approved by the Minister for Housing, Planning and Local Government with the consent of the Minister for Communications, Climate Action and Environment and the Minister for Public Expenditure and Reform.

Ervia carried out a tender process with oversight by the Ervia Audit and Risk Committee during 2018 in order to select the next external auditor for the Ervia Group, including Irish Water. Following completion of the tender process, Ministerial consent was received on 25 March 2019 to appoint Deloitte as external auditor for the Group for the years 2019, 2020 and 2021.

For and on behalf of Irish Water:



Mike Quinn
Chairman



Eamon Gallen
Director

March 25th 2019

Audit and Risk Committee Report

As Chairman of the Ervia Audit and Risk Committee, I am pleased to present the Audit and Risk Committee Report for the year ended December 31st 2018.

Peter Cross
Chair of the Committee



In accordance with the unitary board structure in place in Ervia, the Audit and Risk Committee ("the Committee") is established at the Ervia Group level and acts in respect of Ervia and its subsidiaries ('the Group'). This report provides a review of the workings of the Committee over the last 12 months 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").

During the year the Committee dedicated significant time to fulfilling its key oversight responsibilities. It has engaged regularly with senior management, Internal Audit, Risk Management and the Group's statutory auditors, in addition to pursuing a full agenda of reviews in its meetings throughout the year, in order to discharge its duties effectively. The Chairman of the Committee regularly meets separately with senior management, Internal Audit, Risk Management and the Group's statutory auditors on a regular basis in order to supplement this process.

Role and responsibilities of the Audit and Risk Committee

The role of the Committee is to support the Ervia 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 and anti-bribery and anti-corruption.

The Chairman of the Committee reports to the Ervia Board on the matters addressed at each Committee meeting and the Board receives all of the Committee's minutes.

The Committee's Terms of Reference set out the Committee's roles and responsibilities in detail and are available on Ervia's website www.ervia.ie. These are reviewed annually.

Membership

The Committee comprises five independent Non-Executive Ervia Board Members. Members of the Committee are appointed by the Ervia Board in consultation with the Chairman of the Committee. For details of membership and attendance at meetings see the Ervia report of the Board available at www.ervia.ie. The Committee is independent from the management of the Group.

Financial Reporting

The Committee is responsible, on behalf of the Ervia Board, for monitoring the integrity of the Group's Financial Statements preparation 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 year the Committee reviewed the Group's draft financial statements before recommending their approval by the Ervia Board. The Committee considered, and discussed with the CEO, Group Chief Financial Officer and external auditors, the appropriateness of the significant accounting policies, estimates and judgements applied in preparing these financial statements, together with presentational and disclosure matters.

Risk Management

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

During the year the Committee reviewed, in conjunction with senior management, the Group's risk profile, its Risk Management policies, its high impact/low probability exposures and its risk appetite and target profile for approval by the Ervia Board. The Committee was also kept apprised of the status of implementation of the General Data Protection Regulation across the Group throughout the year.

Consideration was given during the year to the establishment of new Anti-Bribery and Anti-Corruption policies, and these were approved by the Ervia Board in July 2018 coupled with an associated

awareness campaign across the Group, highlighting Ervia's commitment to being an open and transparent organisation. The policies are available for review on our website www.ervia.ie.

Internal Controls

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

Irish Water has a responsibility under the Code for ensuring that an effective system of internal control is maintained and operated. Irish Water pursues 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 to build a comprehensive picture of internal control and risk. Reporting to the Group Chief Financial Officer, the Integrated Assurance Forum 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 is responsible, on behalf of the Ervia 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.

During 2018 the Committee reviewed the plans and work undertaken throughout the year by Internal Audit and the consequential actions to be taken by management. The Committee was informed regularly 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. The Committee reviewed and agreed a risk-based internal audit annual plan

Audit and Risk Committee Report (continued)

for 2019, including the resources required, and considered the alignment of internal audit focus and key risk areas for the Group.

The Committee reviewed an external quality assessment of Internal Audit during the year, as well as performing its own annual evaluation of the performance of internal audit.

External Audit

The Committee is responsible, on behalf of the Ervia 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 having regard to matters communicated to it by the external auditor. The Committee also reviewed the external auditor's audit plans, reports and findings in relation to the audit, and discussed them with the auditor. The Committee reviewed the external auditor's post-audit management letter and management's responses.

The Committee is also responsible, on behalf of the Ervia Board, for the initiation of audit tenders and the selection process for the external auditor, 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. 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 4 of the financial statements. There were no instances during the year 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, as well as assessing annually its independence, qualifications, expertise, resources and the effectiveness of the audit process. The Committee is satisfied that Deloitte is both independent and objective.

The effectiveness of the external auditor is reviewed annually. The evaluation focuses on such areas as the robustness of the audit process, audit team, communications and governance. Overall the review was satisfactory. During the year the external auditors met privately with the Committee with no members of management present.

Audit Tendering and Appointment

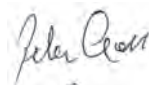
The Committee considers the periodic reappointment of the external auditor and this process is subject to public tender. Deloitte were appointed as external auditors in 2014 for a three year period with an option to extend for up to two years.

During the year Ervia carried out a tender process with oversight by the Committee to select Ervia's next external auditor. Following completion of the tender process, Ministerial consent was received on March 25th 2019 to appoint Deloitte as external auditor for the Ervia Group including Irish Water for the years 2019, 2020 and 2021.

Audit and Risk Committee Effectiveness

The Committee completes an annual review of its own effectiveness. For 2018, the review was conducted internally through the completion of self-evaluation questionnaires and the overall review was satisfactory.

On behalf of the Audit and Risk Committee:



Peter Cross
Chairman, Audit and Risk Committee

March 25th 2019



Financial Statements

Independent auditor's report to the members of Irish Water

Report on the audit of the financial statements

Opinion on the financial statements of Irish Water (the 'company')

In our opinion the financial statements:

- ▶ give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2018 and of the profit for the financial year then ended; and
- ▶ have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- ▶ the Income Statement;
- ▶ the Statement of Other Comprehensive Income;
- ▶ the Balance Sheet;
- ▶ the Statement of Changes in Equity;
- ▶ the Statement of Cash Flows; and
- ▶ the related notes 1 to 28, including a summary of significant accounting policies as set out in note 1 (c).

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

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 described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement for the Annual Report and Financial Statements, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise

comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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.

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

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

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

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.

Independent auditor's report to the members of Irish Water (continued)

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- ▶ 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.
- ▶ The financial statements are in agreement with the accounting records.
- ▶ In our opinion the information given in the directors' report is consistent with the financial statements and the Directors' Report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Under the Code of Practice for the Governance of State Bodies (August 2016) (the "Code of Practice"), we are required to report to you if the statement regarding the system of internal control required under the Code of Practice as included in the Corporate Governance Statement in the Report of the Board does not reflect the Group's compliance with paragraph 1.9(iv) of the Code of Practice or if it's not consistent with the information of which we are aware from our audit work on the financial statements. We have nothing to report in this respect.



Gerard Fitzpatrick

For and on behalf of Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm

Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date:

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Income Statement

for the year ended 31 December 2018

	Notes	2018 €'000	2017 €'000
Continuing operations			
Revenue	3	982,205	1,012,880
Operating costs (excluding depreciation and amortisation)	4	(734,031)	(722,524)
		248,174	290,356
Exceptional items – Customer refunds and associated processing costs	6	-	(177,535)
Exceptional items – Grant income	6	-	177,535
		-	-
Operating profit before depreciation and amortisation (EBITDA)		248,174	290,356
Depreciation and amortisation	7	(82,530)	(69,358)
Operating profit		165,644	220,998
Finance costs	8	(8,844)	(11,595)
Profit before income tax		156,800	209,403
Income tax expense	9	(20,866)	(13,695)
Profit for the year		135,934	195,708

Statement of Other Comprehensive Income

for the year ended 31 December 2018

	2018 €'000	2017 €'000
Profit for the year	135,934	195,708
Other comprehensive income		
Items that will not be reclassified to the income statement		
Defined benefit actuarial gains/(losses)	18	2,642 (466)
Deferred tax credit relating to defined benefit obligations	9	(330) (38)
Total other comprehensive income for the year	2,312	(504)
Total comprehensive income for the year	138,246	195,204

Balance Sheet


as at 31 December 2018

	Notes	31-Dec-18 €'000	31-Dec-17 €'000
Assets			
Non-current assets			
Property, plant and equipment	10	2,647,069	2,071,685
Intangible assets	11	134,378	109,431
Trade and other receivables	12	5,619	5,290
Total non-current assets		2,787,066	2,186,406
Current assets			
Trade and other receivables	12	135,235	129,002
Cash and cash equivalents	13	61,594	15,588
Restricted deposits	14	790	3,523
Total current assets		197,619	148,113
Total assets		2,984,685	2,334,519
Equity and liabilities			
Equity			
Share capital and share premium	25	(324,000)	(324,000)
Capital contribution	25	(956,466)	(576,466)
Retained earnings		(196,125)	(57,879)
Total equity		(1,476,591)	(958,345)
Liabilities			
Non-current liabilities			
Retirement benefit obligations	18	(27,362)	(28,797)
Deferred revenue	19	(40,284)	(42,249)
Provisions	20	(53,880)	(68,982)
Trade and other payables	21	(3,509)	(307)
Deferred tax liabilities	9	(34,914)	(13,733)
Total non-current liabilities		(159,949)	(154,068)
Current liabilities			
Borrowings and other debt	16	(884,794)	(824,802)
Deferred revenue	19	(40,641)	(18,000)
Provisions	20	(39,681)	(32,150)
Trade and other payables	21	(383,029)	(347,154)
Total current liabilities		(1,348,145)	(1,222,106)
Total liabilities		(1,508,094)	(1,376,174)
Total equity and liabilities		(2,984,685)	(2,334,519)

For and on behalf of the Board:



Chairman



Director

March 25th 2019

Date of Approval

Statement of Changes in Equity

for the year ended 31 December 2018

	Share capital and share premium €'000	Capital contribution €'000	Retained earnings €'000	Total €'000
Balance at 1 January 2017	(54,000)	(576,466)	137,325	(493,141)
Profit for the year	-	-	(195,708)	(195,708)
Other comprehensive income, net of income tax	-	-	504	504
Total comprehensive income for the year	-	-	(195,204)	(195,204)
Issue of shares (note 25)	(270,000)	-	-	(270,000)
Balance at 31 December 2017	(324,000)	(576,466)	(57,879)	(958,345)
Profit for the year	-	-	(135,934)	(135,934)
Other comprehensive income, net of income tax	-	-	(2,312)	(2,312)
Total comprehensive income for the year	-	-	(138,246)	(138,246)
Capital contribution (note 25)	-	(380,000)	-	(380,000)
Balance at 31 December 2018	(324,000)	(956,466)	(196,125)	(1,476,591)

Statement of Cash Flows

for the year ended 31 December 2018

	Notes	2018 €'000	2017 €'000
Net cash from operating activities	15	231,159	328,420
Cash flows from investing activities			
Payments for property, plant and equipment		(572,185)	(449,963)
Payments for intangible assets		(52,093)	(39,439)
Payments and receipts for net assets acquired from Local Authorities		1,000	683
Net cash used in investing activities		(623,278)	(488,719)
Cash flows from financing activities			
Proceeds from borrowings		698,125	398,831
Repayments of borrowings		(640,000)	(550,000)
Capital contributions received	25	380,000	-
Issue of shares		-	270,000
Net cash from financing activities		438,125	118,831
Net increase/(decrease) in cash and cash equivalents	13	46,006	(41,468)
Cash and cash equivalents at 1 January	13	15,588	57,056
Cash and cash equivalents at 31 December	13	61,594	15,588

Notes to the Financial Statements

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1. Statement of Accounting Policies

(a) Basis of Preparation

Irish Water ('the Company') is a designated activity company, limited by shares, registered and incorporated in Ireland on 17 July 2013. Ervia holds 100% of the voting shares of the Company, however, these shares carry no economic rights to obtain benefit from the activities of the Company ('A' shares). The Minister for Finance and the Minister for Housing, Planning and Local Government hold 100% of the economic rights to obtain benefit from the activities of the Company ('B' shares). Accordingly, the financial statements of Irish Water are not consolidated with the results of the Ervia Group.

The financial statements are presented in euro, rounded to the nearest thousand and are prepared on a historical cost basis.

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations, as endorsed by the EU, and effective for accounting periods ended 31 December 2018.

The Company's significant accounting policies are set out in section c of this note. These policies have been consistently applied to all years presented in these financial statements. Refer to section b of this note for an impact assessment of transition to IFRS 15 and IFRS 9 from the effective date, 1 January 2018. In the process of applying these accounting policies, judgements and estimates are necessarily used which affect the amounts recognised in the financial statements. Refer to section d of this note for details of the critical accounting judgements and estimates applied.

The Directors have a reasonable expectation that the Company will continue to meet its liabilities as they fall due for the foreseeable future and consequently the financial statements are prepared on a going concern basis. Refer to note 2 of the financial statements.

Certain comparative balances have been restated in the financial statements to align with current year presentation, specifically note 24 Operating leases primarily arising from a reassessment of the remaining lease terms. In addition, comparative balances in note 3 Revenue have been restated in accordance with the IFRS 15 requirements to provide additional revenue disaggregation disclosures.

As permitted by IAS 1 Presentation of Financial Statements, the Company has disclosed additional information in respect of exceptional items on the face of the income statement, to aid understanding of the Company's financial performance. An item is treated as exceptional if it is considered unusual by nature and scale and of such significance that separate disclosure is required for the financial statements to be properly understood.

(b) New Accounting Standards and Interpretations

(i) Impact of adoption of IFRS 15 Revenue from Contracts with Customers.

In the current year, the Company applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the financial statements are described below.

The Company has applied IFRS 15 in accordance with the modified retrospective transitional approach, using the practical expedients for completed contracts in IFRS 15:C5(a), and (b), and for modified contracts in IFRS 15:C5(c).

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the balance sheet and the Company has continued to use the more common terminology to describe such balances (refer to note 19 for details on deferred revenue).

Notes to the Financial Statements (continued)

1. Statement of Accounting Policies

(continued)

The Company's accounting policies for its revenue streams are disclosed in detail in note 1 (c) (v) below. The critical judgements in applying these accounting policies are set out in section d of this note. Apart from providing more extensive disclosures for the Company's revenue transactions, the application of IFRS 15 had no impact on the financial position and/or financial performance of the Company, as described in further detail below.

The adoption of IFRS 15 has had no impact on the timing or amount of revenue recognised in relation to core water and wastewater services, which are deemed to be distinct performance obligations under the contract with customers. In addition, the adoption of IFRS 15 has had no impact on the timing or amount of revenue recognised in relation to new connections revenues, where the performance obligation is distinct to the connection works and revenue is recognised over time as the connection works are completed.

Following detailed assessment of the Company's other revenue contracts with customers, no adjustment was recognised in the financial statements in respect of the adoption of IFRS 15.

(ii) Impact of adoption of IFRS 9 Financial Instruments

In the current year, the Company have applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. Additionally, the Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018 and to the comparative period.

IFRS 9 introduced new requirements for:

- ▶ The classification and measurement of financial assets and financial liabilities,
- ▶ Impairment of financial assets, and
- ▶ General hedge accounting.

Details of these new requirements as well as their impact on the financial statements are described below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Directors of the Company reviewed and assessed the Company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had no impact on the Company's financial assets as regards their classification and measurement.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. The Company having regard to the nature and credit risk of its financial assets, has

1. Statement of Accounting Policies

(continued)

not identified any transition adjustment in respect of the loss allowance as set out in note 12, arising from the adoption of IFRS 9.

(c) Classification and measurement of financial liabilities

IFRS 9 introduces a change in the classification and measurement of financial liabilities relating to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised.

(d) Disclosures in relation to the initial application of IFRS 9

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in no adjustments to the measurement of financial assets and financial liabilities previously measured under IAS 39. The application of IFRS 9 has had no impact on the cash flows of the Company. The updated accounting policies are set in section (c) of this note.

(iii) Other standards first adopted by the Company in 2018 Financial Statements

In the current year, the Company has applied the new/revised IFRS, as set out in table 1, that are mandatorily effective under IFRS, as endorsed by the EU, for accounting periods beginning on or after 1 January 2018. In the current year, the Company has applied the new/revised IFRS, as set out in table 1, that are mandatorily effective under IFRS, as endorsed by the EU, for accounting periods beginning on or after 1 January 2018. The application of these amendments to standards did not have a material impact on the Company's financial statements for 2018.

Table 1: New standards, amendments to standards, and interpretations

Standard/Amendment/Interpretation	EU Effective Date	Endorsed by the EU
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018	March 2018
Amendments to IAS 40: Transfers of Investment Property	1 January 2018	March 2018
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018	February 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle	1 January 2018	February 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018	November 2017

Notes to the Financial Statements
(continued)**1. Statement of Accounting Policies**

(continued)

(iv) Standards in issue but not yet effective

Table 2 sets out the standards, amendments to standards and interpretations that are in issue but are not yet effective under IFRS, as endorsed by the EU, for the year ended 31 December 2018 and thus have not been applied in preparing these financial statements.

Table 2: New standards, amendments to standards, and interpretations in issue but not yet effective

Standard/Amendment/Interpretation	EU Effective Date ¹	Endorsed by the EU
IFRS 16 Leases	1 January 2019	October 2017
IFRIC 23 Uncertainty over Income Tax	1 January 2019	October 2018
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1 January 2019	March 2018
IFRS 17 Insurance Contracts	1 January 2021 ²	(Outstanding)
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1 January 2019	February 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	1 January 2019	March 2019
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	1 January 2019	March 2019
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020	(Outstanding)
Amendment to IFRS 3 Business Combinations	1 January 2020	(Outstanding)
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020	(Outstanding)

1 IASB date provided if not yet endorsed by the EU

2 The IASB has tentatively decided to defer the effective date of IFRS 17 Insurance to periods beginning on or after 1 January 2022.

IFRS 16 Leases was issued on 13 January 2016 with an IASB effective date of 1 January 2019. This new standard has replaced IAS 17 Leases (and associated interpretative guidance), and offers a new comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The most significant change is to lessee accounting, where the distinction between operating and finance leases is removed, and effectively brings onto the balance sheet the accounting for assets and liabilities associated with operating leases. A depreciation charge and lease interest charge will be recognised in the income statement, replacing the rent operating cost which was recognised previously. We plan to apply IFRS 16 using the modified retrospective approach, whereby comparatives will not be restated on adoption of the new standard. There will be no cumulative adjustment to retained earnings at the date of transition. The impact of adoption of the new standard will not have a material impact on the Group's reported profits, however minor classification impacts will arise between reported operating costs, depreciation and finance costs, that will be broadly neutral in aggregate. Additional balance sheet assets and liabilities will be recognised in respect of the Company's operating lease arrangements, being the present value of the future operating lease commitments of €20.9 million as at 31 December 2018, as set out in note 24, will be presented on the balance sheet as a lease liability, with a corresponding right of use asset (adjusted for prepaid rent/accrued rent at the date of transition). The Company will adopt the practical expedient offered by IFRS 16, whereby an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application, and instead, is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 and not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

It is anticipated that application of the remaining IFRS/amendments/annual improvements, in issue at 31 December 2018 but not yet effective, will not have a significant impact on the Company's financial statements.

1. Statement of Accounting Policies

(continued)

(c) Significant Accounting Policies

(i) Property, Plant and Equipment

i. Recognition

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses thereon. Cost includes direct costs (including directly attributable labour and overhead costs), decommissioning or restoration costs and interest incurred in financing the construction of the asset when construction takes a substantial period of time to complete.

Assets under construction represent the cost of purchasing, constructing and installing property, plant and equipment ahead of their productive use.

ii. Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use.

The charge for depreciation is primarily calculated to write down the cost of property, plant and equipment, less estimated residual value, on a straight-line basis over their expected useful lives. Leased assets are depreciated over the shorter of the lease term and their useful lives. Major asset classifications and their estimated useful lives are:

Infrastructure assets (including boundary boxes, reservoirs, water & waste pipelines and service connections)	40–100 years
Operational assets (including meters, pumps, and electrical & mechanical systems)	12–70 years
Non-network assets (including fixtures & fittings, vehicles and computer equipment)	3–15 years

Depreciation is not charged on land or assets under construction.

Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iii. Subsequent expenditure

Subsequent expenditure, for example, the cost of replacing a component of an item of property, plant and equipment, is recognised in the carrying amount of the item if it is probable that the future economic benefits associated with the item will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iv. Borrowing costs

Borrowing costs are capitalised as a cost of an asset if they are directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of interest ceases when the asset is commissioned or where active development has been interrupted for an extended period.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Notes to the Financial Statements
(continued)**1. Statement of Accounting Policies**

(continued)

(ii) Intangible Assets**i. Software, software under development and other intangible assets**

Software costs include both internally developed and externally purchased assets.

Internally developed software refers to costs directly associated with the production of identifiable and unique software products which are controlled by the Company. These costs are recognised as intangible assets as it is considered probable that these products will generate economic benefits exceeding the recognised costs. These costs are capitalised only if the criteria set out in IAS 38 are met. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs on qualifying assets.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring into use the specific assets, provided the costs meet the criteria in IAS 38 for capitalising.

Other intangible assets include the water industry operating framework, a complex transformation project to provide an effective and efficient single public utility model.

ii. Research and development

Research and development expenditure is charged to the income statement as incurred, with the exception of certain development expenditure which is capitalised within intangible assets when the criteria set out in IAS 38 Intangible Assets are met.

iii. Amortisation of intangible assets

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. Amortisation is not charged on development assets that are not yet available for use. Software and other intangible assets are amortised, on a straight-line basis, over their estimated useful lives of up to seven years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv. Borrowing costs

Refer to accounting policy (i).

(iii) Impairment of Assets**i. Assets that are not subject to amortisation**

Intangible assets, with an indefinite useful life or which are not yet ready for use, are tested annually for impairment.

ii. Assets that are subject to depreciation/amortisation

The carrying amounts of these assets are reviewed at each reporting date to determine whether there is any indication of impairment. If an indication of impairment exists, then the asset's recoverable amount is estimated.

iii. Recognition of an impairment loss

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

1. Statement of Accounting Policies

(continued)

iv. Reversal of an impairment loss

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

A reversal of an impairment loss for a CGU shall be allocated to the assets of the unit, except for goodwill, pro rata with the carrying amounts of those assets. The reversal is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the reversal shall be treated as a revaluation increase. Using the asset's revised carrying amount, depreciation/amortisation is provided on a straight-line basis over the estimated remaining useful life.

(iv) Foreign Currency

These financial statements are presented in euro, which is the functional currency of the Company.

i. Foreign currency transactions

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into the functional currency at rates ruling at the reporting date. The resulting foreign currency gain or loss arising on translation is recognised in profit or loss. Non-monetary assets and liabilities in a foreign currency that are measured at historical cost are translated using the exchange rate at the date of the transaction, and are not subsequently retranslated.

(v) Revenue

Revenue is measured based on the consideration which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when or as the performance obligations, as set out in the contract, are satisfied. If it is considered that the criteria for revenue recognition are not met for a transaction, revenue recognition is delayed until such time as collectability is considered probable.

A number of the Company's sources of revenue are dependent on being approved by the industry regulator, the CRU. Certain circumstances may result in the regulatory "allowed" revenue being over or under recovered in the financial year. Any over or under recovery may be included, within certain parameters, in the calculation of the following years' regulatory revenue. No adjustment is made for over or under recoveries in the year that they arise.

Revenue principally comprises the sales values derived from the following:

Supply of water and waste water services to non-domestic customers

Revenue billed is dependent on the volume supplied. Where services have been provided, but for which no invoice has been raised at the reporting date, an estimate of value of water and waste water services supplied to customers between the date of the last meter reading and the reporting date is recognised in revenue.

Supply of water and waste water services to domestic customers - Government subvention revenue

The Government, acting in its capacity as Government, purchases from the Company a certain volume of water at the market price on behalf of customers and in line with the allowed revenue set by the Regulator. This revenue is recognised by the Company on a systematic basis to reflect the timing of the sale of goods to the Government. All subvention revenue is billed and collected within the reporting period.

Notes to the Financial Statements
(continued)**1. Statement of Accounting Policies**

(continued)

New connections revenue

The Company receives contributions from customers in respect of the cost of connecting them to the water network. Where such contributions are billed in advance, they are recognised in deferred revenue and are released to revenue as the performance obligation is satisfied.

(vi) Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The fair value or, if lower, the present value of assets acquired under finance leases are included under property, plant and equipment and written off over the shorter of the lease term or the estimated useful life of the asset. The capital elements of future obligations are included as liabilities. Interest on the remaining lease obligation is charged to the income statement over the period of the lease. This charge is calculated so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

Operating lease receipts/payments are recognised as income/an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed. Lease income is recognised as revenue, where arises as part of the ordinary activities of the Company. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives are recognised as a reduction of rental expenses on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Accounting for arrangements that contain a lease

The determination of whether an arrangement contains a lease is dependent on whether the arrangement relates to the use and the control of a specific asset. Leases are classified as finance leases if the arrangement transfers substantially all the risks and rewards of ownership. All other leases are categorised as operating leases.

(vii) Grants

A government grant is recognised as a liability initially on the balance sheet when there is reasonable assurance that it will be received and that the Company will comply with the conditions attaching to it. Grants that compensate the Company for expenses incurred are recognised in the income statement on a systematic basis in the same years in which the expenses are incurred. Grants that compensate the Company for the cost of an asset are amortised to the income statement on a systematic basis over the useful life of the asset to match the depreciation charge.

(viii) Provisions and Contingent Liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The associated financing charge is recognised in finance costs.

Contingent liabilities may arise in respect of contractual agreements to which an entity of the Company is a party. These are estimated (if possible) based on information available of the potential cost associated with the occurrence of any such events which exist at the reporting date. These are liabilities, over and above those provided for in the financial statements, which could arise as a result of the occurrence or non-occurrence of one or more uncertain future events but given the nature of the contingencies they cannot be provided for in the financial statements (in accordance with IFRS).

1. Statement of Accounting Policies

(continued)

(ix) Retirement Benefit Obligations

i. Defined benefit pension schemes

A defined benefit scheme is a post-employment benefit scheme other than a defined contribution scheme, which is detailed below.

Post-employment benefit plans include not only formal arrangements but also informal practices that give rise to constructive obligations and therefore the accounting treatment is the same regardless of whether an obligation is legal or constructive.

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 obligation 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.

ii. Defined contribution pension schemes

A defined contribution scheme is a post-employment scheme under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The contributions payable under the defined contribution schemes are charged to profit or loss in the periods during which services are rendered by employees.

iii. Defined benefit pension scheme accounted for as a Group Plan

The Ervia Group operates a defined benefit pension scheme. A number of the Company's employees participate in that scheme. The scheme is accounted for as a Group Plan in accordance with IAS 19 (revised).

(x) Financial Assets and Liabilities

i. Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost using the effective interest rate method.

ii. Non-derivative financial assets and liabilities

Trade and other receivables

Trade and other receivables are initially recognised at fair value of the consideration receivable and are subsequently carried at this value less an appropriate allowance for impairment 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. 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.

Notes to the Financial Statements (continued)

1. Statement of Accounting Policies

(continued)

Policy applicable before 1 January 2018: Specific allowances are made where there is objective evidence of impairment, for example where there is an inability to pay. An additional allowance is made on a portfolio basis to cover additional incurred losses based on an analysis of previous losses experienced and adjusted to reflect current economic conditions.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits repayable on demand and other short-term highly liquid investments with original maturities of three months or less, less overdrafts payable on demand.

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.

(xi) Net Finance Costs

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

Finance costs comprise interest payable on borrowings, financing charge on provisions, impairment losses recognised on financial assets (other than trade receivables) and net pension interest costs. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. 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.

(xii) 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.

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.

(xiii) Operating Profit

Operating profit is stated before net finance costs and taxation.

(xiv) Non-GAAP Measures

EBITDA is defined as earnings before interest, tax, depreciation and amortisation. Net debt is defined as total borrowings less cash and cash equivalents. The Company uses these non-GAAP measures to provide useful performance and financing information to management, stockholders and external stakeholders.

1. Statement of Accounting Policies

(continued)

(d) Critical Accounting Judgements and Estimates

In the process of applying these accounting policies, the Company is required to make certain estimates, assumptions and judgements that it believes are reasonable based on the information available. These estimates, assumptions and judgements affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented. Changes to these estimates could have a material effect on the financial statements.

On an ongoing basis, the Company evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ from these estimates, the effect of which, is recognised in the period in which the facts that give rise to the revision becomes known.

(i) Critical judgements in applying the Company's accounting policies

The following are the critical judgements apart from those involving estimates (which are dealt with separately below) that the Company has made in the process of applying these accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(a) Classification of costs between operating expenditure and capital expenditure

The classification of expenditure as capital or operating expenditure can require significant judgements, particularly in instances where projects include elements of both enhancement (capital) and maintenance (operating) activities. The Company has appropriate policies, controls and procedures in place to mitigate against the risks of ineligible expenditure being capitalised.

(b) Revenue recognition - portfolio approach and probability assessment

The Company has applied the practical expedient offered by IFRS 15, the 'portfolio approach', whereby the Company applies IFRS 15 to a portfolio of contracts with similar characteristics. The Company has applied its judgement in identifying appropriate portfolios of customers such that it reasonably expects that the effects on the financial statements of applying IFRS 15 to the portfolio would not differ materially from applying IFRS 15 to the individual contracts within that portfolio.

IFRS 15 specifies that revenue should only be recognised if it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. Following detailed assessment, the Company has determined that there is no readily identifiable group of customers where, at the point of billing, collection of revenue is assessed as 'not probable'.

(ii) Estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year.

(a) Infrastructure assets and the assets we use in our business

As of 31 December 2018, the aggregate of the Company's property, plant and equipment (PP&E) and intangible assets was €2,781.4 million, which accounted for the majority of the Company's assets. Therefore the estimates and assumptions made in determining the carrying value are critical to the financial statements because the recoverability of the amounts, or lack thereof, could significantly affect the Company's future financial performance and position.

Notes to the Financial Statements (continued)

1. Statement of Accounting Policies

(continued)

Impairment

The Company operates under a regulated framework, administered by the Commission for Regulation of Utilities (CRU). The Company therefore recovers the costs of efficient capital spend on PP&E and intangible assets through regulated revenues based on its approved Regulatory Asset Base (RAB). In compliance with, and supplemental to, the requirements of IAS 36 Impairment of Assets, the Company carried out the following during the year:

1. Reviewed the carrying amounts of PP&E and intangible assets at the reporting date to determine whether there is any indicator of impairment,
2. Tested intangible assets under development (€59.4 million) for impairment,
3. Compared the RAB value with the aggregate of the carrying amounts of PP&E and intangible assets.

Based on the foregoing, the Company has concluded that an impairment charge is not required. The key assumption, concerning the future, used by the Company in reaching this conclusion is that the Company will continue to generate regulated revenues based on its existing RAB.

The Company, having considered the relevant requirements of IAS 1 Presentation of Financial Statements, has concluded that it is impractical to disclose the impact of variation in this assumption as it is not possible to evaluate the impact of unknown potential revenue generation restrictions that could arise in the future relating to its existing RAB.

Depreciation and useful lives

The Company recognises depreciation and amortisation charges annually (2018: €82.5 million) which is primarily calculated to write down the cost of PP&E and intangible assets over their expected useful economic lives. The determination of estimated useful lives of assets are based on experience, expectations about the future and other factors. The estimated useful lives for major asset classifications are set out in section c of this note 'Significant Accounting Policies'. The Company reviews the useful lives of assets annually and any required changes are adjusted prospectively. Due to the significance of asset investment by the Company, variations between actual and estimated useful economic lives could have a material impact on future results, either positively or negatively. Historically, no changes in useful lives have been identified by the Company that have had a material impact on operating results.

(b) Unbilled revenue

The Company raises bills and recognises revenue in accordance with its right to receive revenue in line with the Company's accounting policy. For water and wastewater customers, the revenue recognised depends on the amount due for the services provided between the date of the last meter read and year end. Meters are read on a cyclical basis and the Company recognises revenue for unbilled values based on estimated amounts from the last billing date to the end of the financial year. The estimated value since the last bill, takes into account the rolling average daily rate or similar information for comparable customers by the number of days outstanding.

(c) Provision for impairment of trade receivables

An impairment allowance in respect of trade and other receivables is recognised in accordance with the Company's accounting policy (i.e.) estimated using an aged debt provision matrix based on the number of days the debt is past due and applying the Company's historical credit loss experience. Following assessment, no adjustments have been made to these rates to reflect forward looking macro-economic factors, as the Company's trade receivables are short term and thus a change in such macro-economic factors is unlikely to have a significant impact over the credit risk exposure period. There have been no changes to the estimation techniques or significant assumptions during 2018. The actual level of receivables collected may differ from the estimated levels of recovery, which could impact operating results positively or negatively.

1. Statement of Accounting Policies

(continued)

(d) Retirement benefit obligations

The Company's projected benefit cashflows underpinning its defined benefit obligation are discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. Significant judgement is also required when deriving the yield curve at longer terms as the number of long dated high quality corporate bonds is sparse at longer durations. During 2018, the Company, on the advice of the Company's actuary to the Scheme, has refined its methodology to derive the yield curve and has adopted an alternative extrapolation method. Under this alternative method, high quality corporate bond yields are extrapolated at longer durations when corporate bonds become sparse, by maintaining the yield differential between the corporate bond curve and a composite AA rated Euro government bond curve rather than by reference to a swaps curve which was the approach used previously.

The Irish Water defined benefit obligation as at 31 December 2018 was calculated using a discount rate of 2.25% as derived using the revised methodology described above. The discount rate under the previous extrapolation method would have been 1.9%. The Company recognised an actuarial gain of €4.7 million during 2018 due to the change in the discount rate from 1.85% as at 31 December 2017 to 2.25% at 31 December 2018. Circa €4.1 million of this gain was due to a refinement of how the yield curve is extrapolated at longer terms as described above and €0.6 million was due to market movements in the yields on high quality corporate bonds during the year.

(e) Provision for other liabilities and charges

The assessments of the financial outcome of uncertain commercial and legal positions involves estimation uncertainty and requires the use of judgement, estimation and assumptions. The amounts recognised as a provision are the Company's best estimate of the expenditure required to settle present obligations at the reporting date. In assessing the likely outcome, the Company bases its assessment on available facts, historical experience, advice from legal advisors and other experts and additional relevant factors that are believed to be reasonable in the circumstances. A revised estimate is established at each reporting date to ensure that the amounts accrued correspond to the best estimate of the costs eventually to be borne by the Company. The required provision may change in the future due to new developments and as additional information becomes available. Refer to note 20 for further detail.

(f) Taxation

Provisions for tax liabilities require the Company to make estimates in relation to open tax positions where the liabilities remain to be agreed with the Revenue. Such uncertain tax items, relate principally to the interpretation of tax legislation regarding arrangements entered into by the Company. Amounts provided are based on the Company's interpretation of tax laws and the likelihood of settlement. Where final tax outcome is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

Notes to the Financial Statements (continued)

2. Going Concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Annual Report. In addition, note 22 to the financial statements includes the Company's objectives, policies and process for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk.

The Company's forecasts and projections show that Irish Water is expected to meet its liabilities as they fall due through a combination of State funding and support, tariffs charged by Irish Water and third party borrowings. The revised framework for the Company's long term funding model is outlined in the Water Services Act 2017, following the discontinuance of domestic water charges. Irish Water's state funding for 2019 was agreed and approved in Q4 2018 as part of the government budgetary process. The Directors believe that the Government has demonstrated its commitment to the continued funding of Irish Water, including beyond 2019, through its inclusion of the Company's capital investment programme in the National Development Plan 2040 and its approval of the Irish Water Strategic Funding Plan 2019–2024 in November 2018.

Following consideration of the facts set out above, while noting the Company's net current liability position of €1.2 billion at 31 December 2018 (2017: €1.1 billion), the Directors have concluded that they have a reasonable expectation that the Company will continue to meet its liabilities as they fall due for the foreseeable future and consequently the financial statements are prepared on a going concern basis. The Directors have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment. The period of assessment used by the Directors is twelve months from the date of approval of these annual financial statements.

The Directors have concluded that appropriate disclosures have been made in these financial statements regarding matters which they have considered in the context of going concern.

3. Revenue

	2018 €'000	2017 €'000
Government subvention revenue	719,832	751,663
Non-domestic revenue	203,032	218,540
New connections	59,341	42,677
Total	982,205	1,012,880

4. Operating Costs (excluding depreciation and amortisation)

		2018 €'000	2017 €'000
Employee benefit expense	5	(53,717)	(47,507)
Local Authority Service Level Agreement payroll & functional support overheads and secondment of employees	26	(213,014)	(220,882)
Hired & contracted services and central transactional & support service costs		(230,510)	(218,880)
Materials, maintenance and plant hire		(117,293)	(104,933)
Rent, rates, utilities and insurance		(74,527)	(72,760)
Charge for bad and doubtful receivables	12	(18,448)	(26,283)
Release in respect of asset acquisition	(i)	8,104	4,274
Other operating costs		(34,626)	(35,553)
Total		(734,031)	(722,524)

(i) On 1 January 2014, the Company acquired the net assets of the water and wastewater infrastructure assets from the Local Authorities. As part of the acquisition certain liabilities, including provisions and other liabilities were initially recognised at fair value. During 2018, following detailed assessment, the Company released €8.1 million (2017: €4.3 million) in respect of these liabilities. Refer to note 1 (d).

Operating costs are stated after charging:

(a) Auditor's remuneration¹

	2018 €'000	2017 €'000
Statutory audit services	(190)	(190)
Other audit related assurance services	-	-
Tax advisory services	-	-
Other non-audit services	-	-
Total	(190)	(190)

¹ amounts exclude irrecoverable VAT

(b) Directors' remuneration

	2018 €'000	2017 €'000
Directors' fees	-	-
Directors – emoluments*	(628)	(576)
Directors – pension contributions*	(96)	(88)
Total	(724)	(664)

* In accordance with the Articles of Association of the Company, the Directors are not entitled to receive fees. Remuneration of the Directors as disclosed above represents an apportionment of total remuneration earned in their capacity as salaried employees of Ervia, based on services provided to the Company.

Notes to the Financial Statements
(continued)**4. Operating Costs (excluding depreciation and amortisation)**

(continued)

(c) Managing Director salary and benefits

Remuneration details for 2018 relate to both the former Managing Director (contract expired on 30 September 2018) and the current acting Managing Director (appointed on 01 October 2018):

(c) (i) Current Managing Director (Acting)

	2018 €'000	2017 €'000
Managing Director's basic salary	(45)	-
Other short-term employee benefits*	(27)	-
Post-employment benefits - pension contributions	(8)	-
Total	(80)	-

* Other short term benefits include out-of-pocket expenses, which although incurred by the Acting Managing Director in carrying out his duties to the Company, are subject to income tax in accordance with Revenue guidelines.

(c) (ii) Former Managing Director

	2018 €'000	2017 €'000
Managing Director's basic salary	(150)	(200)
Other short-term employee benefits	(14)	(13)
Post-employment benefits - pension contributions	(24)	(32)
Total	(188)	(245)

5. Employee Benefits**(a) Aggregate employee benefits**

	2018 €'000	2017 €'000
Staff short-term benefits	(59,079)	(49,644)
Post-employment benefits - pension contributions	(8,909)	(8,555)
Employer's contribution to social welfare	(5,957)	(5,196)
Termination benefits	-	-
	(73,945)	(63,395)
Capitalised payroll	20,228	15,888
Employee benefit expense charged to profit or loss	(53,717)	(47,507)

5. Employee Benefits

(continued)

(b) Staff short-term benefits

	2018 €'000	2017 €'000
Wages and salaries	(56,512)	(47,883)
Overtime	(75)	(77)
Allowances	(1,109)	(881)
Other	(1,383)	(803)
Total	(59,079)	(49,644)

The average number of employees employed by the Company was 836 for 2018 (2017: 752).

6. Exceptional Items

	2018 €'000	2017 €'000
Exceptional items – Customer refunds and associated processing costs	-	(177,535)
Exceptional items – Grant income	-	177,535
Total exceptional items	-	-

Pursuant to section 22 of the Water Services Act 2017, Irish Water was required to refund the cash previously collected from domestic customers in respect of the relevant billing periods from 01 January 2015 to 31 March 2016. The amount of relevant cash collected by Irish Water during 2015 and 2016 was in the amount of €171.7 million. As permitted by IAS 1 Presentation of Financial Statements, Irish Water elected to present the refund expense of €171.7 million as an exceptional item in 2017. In addition the associated administration costs of the refund programme in the amount of €5.9 million were also presented as an exceptional item in 2017.

The refund programme, including the associated administration costs of €5.9 million, was funded by the Government, through a government grant with the sole condition that the funding is used to refund domestic customers and to discharge the associated administration costs.

Refer to the cash from operations note (note 15) for refund programme exception cashflows.

Refer to the trade payables note (note 21) for amounts payable relevant to the refunds programme.

Refer to the trade receivables note (note 12) and the related parties note (note 26) for amounts receivable relevant to the refunds programme.

Notes to the Financial Statements
(continued)**7. Depreciation and Amortisation**

	2018 €'000	2017 €'000
Depreciation	(57,677)	(47,005)
Amortisation of intangible assets	(24,853)	(22,353)
Total	(82,530)	(69,358)

8. Net Finance Costs**Finance costs**

	2018 €'000	2017 €'000
Interest and finance costs	(15,308)	(17,132)
Interest capitalised	6,959	6,008
Pension net interest cost	18 (495)	(471)
Total finance costs	(8,844)	(11,595)

9. Tax**Income tax expense**

	2018 €'000	2017 €'000
Current tax expense	(15)	-
Deferred tax expense	(20,851)	(13,695)
Total income tax expense	(20,866)	(13,695)

Reconciliation of effective tax rate

	2018 €'000	2017 €'000
Profit before tax	156,800	209,403
Taxed at 12.5% (2017: 12.5%)	(19,600)	(26,175)
Expenses not deductible for tax purposes	(1,266)	(987)
Recognition of previously unrecognised deferred tax asset	-	13,467
Total income tax expense	(20,866)	(13,695)

Refer to the statement of other comprehensive income for details of the tax impacts therein.

9. Tax

(continued)

Deferred tax assets and liabilities

	Retirement benefit obligation €'000	Tax losses forward €'000	Property, plant and equipment and intangible assets €'000	Other €'000	Total €'000
Recognised in income statement	1,016	29,574	(44,338)	53	(13,695)
Recognised in equity	(38)	-	-	-	(38)
At 31 December 2017	978	29,574	(44,338)	53	(13,733)
Recognised in income statement	151	3,218	(24,085)	(135)	(20,851)
Recognised in equity	(330)	-	-	-	(330)
At 31 December 2018	799	32,792	(68,423)	(82)	(34,914)

10. Property, Plant and Equipment

	Infrastructure assets €'000	Operational assets €'000	Non-network assets €'000	Assets under construction €'000	Total €'000
Cost					
At 1 January 2017	733,225	464,589	42,071	478,441	1,718,326
Additions	-	-	-	480,645	480,645
Transfers	147,440	257,059	15,905	(420,404)	-
At 31 December 2017	880,665	721,648	57,976	538,682	2,198,971
Additions	-	-	-	633,082	633,082
Transfers	264,051	165,234	27,047	(456,332)	-
Disposals	-	-	(42)	-	(42)
At 31 December 2018	1,144,716	886,882	84,981	715,432	2,832,011
Accumulated depreciation and impairment losses					
At 1 January 2017	(31,649)	(32,483)	(16,149)	-	(80,281)
Depreciation for the year	(15,351)	(24,818)	(6,836)	-	(47,005)
At 31 December 2017	(47,000)	(57,301)	(22,985)	-	(127,286)
Depreciation for the year	(17,337)	(31,673)	(8,667)	-	(57,677)
Depreciation on disposals	-	-	21	-	21
At 31 December 2018	(64,337)	(88,974)	(31,631)	-	(184,942)
Carrying amounts					
At 31 December 2017	833,665	664,347	34,991	538,682	2,071,685
At 31 December 2018	1,080,379	797,908	53,350	715,432	2,647,069

Notes to the Financial Statements
(continued)**10. Property, Plant and Equipment**

(continued)

During the year, the Company capitalised €6.7 million in interest (2017: €5.8 million). The capitalisation rate was 1.6% (2017: 1.7%). The Company also capitalised €18.0 million in payroll costs during the year (2017: €14.3 million).

Capital commitments

	2018 €'000	2017 €'000
Capital expenditure that has been contracted for but has not been provided for	448,567	357,247

11. Intangible Assets

	Software €'000	Software and other under development €'000	Total €'000
Cost			
At 1 January 2017	121,787	12,050	133,837
Additions	-	44,897	44,897
Transfers in year	24,154	(24,154)	-
At 31 December 2017	145,941	32,793	178,734
Additions	-	49,800	49,800
Transfers in year	23,231	(23,231)	-
At 31 December 2018	169,172	59,362	228,534
Accumulated amortisation and impairment losses			
At 1 January 2017	(46,950)	-	(46,950)
Amortisation for the year	(22,353)	-	(22,353)
At 31 December 2017	(69,303)	-	(69,303)
Amortisation for the year	(24,853)	-	(24,853)
At 31 December 2018	(94,156)	-	(94,156)
Carrying amounts			
At 31 December 2017	76,638	32,793	109,431
At 31 December 2018	75,016	59,362	134,378

During the year, the Company capitalised €0.2 million in interest (2017: €0.2 million). The Company also capitalised €2.2 million in payroll costs during the year (2017: €1.6 million).

12. Trade and Other Receivables

	2018 €'000	2017 €'000
Trade receivables	45,260	42,752
Unbilled consumption	51,593	54,058
Prepayments	823	1,444
Restricted cash balances held by Local Authorities	2,193	2,193
Amounts due from related parties	32,609	33,609
Refund Programme Receivable	6 6,512	-
Other receivables	1,864	236
Total	140,854	134,292
Non-current	5,619	5,290
Current	135,235	129,002
Total	140,854	134,292

Trade and other receivables are stated net of impairment allowances. Receivables are classified in the financial statements as current or non-current in accordance with their expected realisation.

Credit risk

There is no material concentration of credit risk as the Company's trade receivables consist of amounts due from a large number of non-domestic customers, spread across diverse industries. The credit terms for non-domestic customers varies by Local Authority region, ranging up to 45 days. The Company has been restricted from changing these credit terms, but will work to align these as part of the overall process to harmonise non-domestic tariffs. The credit risk on trade receivables is managed through the proactive monitoring and management of trade receivable balances. Following the migration of the non-domestic debtors from 31 Local Authorities in 2017, the Company now has full visibility and control on all aspects of the credit and collection activity. The Company's credit collection team, actively manages accounts in arrears through customer follow up. The Company is continuing to develop and enhance its credit risk management practices.

The Company has a number of other receivable balances due from Local Authorities and other related parties. Refer to note 26 for the full details of the Company's related party disclosures. The Company actively engages with the Local Authorities on a regular basis and the Company believes it has minimal credit risk arising from its transactions with Local Authorities.

The maximum exposure to credit risk for trade and other receivables (excluding prepayments) at the reporting date can be analysed as follows:

	2018 €'000	2017 €'000
Trade receivables billed	45,260	42,752
Trade receivables unbilled	51,593	54,058
Restricted cash balances held by Local Authorities	2,193	2,193
Amounts due from related parties	32,609	33,609
Refund Programme Receivable from Government	6,512	-
Other receivables	1,864	236
Total	140,031	132,848

Notes to the Financial Statements
(continued)**12. Trade and Other Receivables**

(continued)

The ageing of trade receivables, net of impairment, is set out below. The Company had no receivables that were past due and not impaired.

	Net receivable 2018 €'000	Net receivable 2017 €'000
Not past due	102,758	94,169
0–365 days overdue	37,273	38,679
1–2 years overdue	-	-
Total	140,031	132,848

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2018 €'000	2017 €'000
At 1 January	(70,716)	(127,854)
Impairment loss recognised	(18,448)	(26,283)
Allowance utilised	592	83,421
At 31 December	(88,572)	(70,716)

Prior to 2017, and in line with the agreed Service Level Agreements, the Local Authorities, acting as agents for the Company, billed and collected non-domestic trade receivables on the Company's behalf. In 2017, the Company completed the migration of non-domestic billing processes of the 31 Local Authorities, thus bringing all aspects of water services management for billing and revenues under the Company. The period since the migration of non-domestic billing processes is relatively short, thus and as noted above, the Company is continuing to develop and enhance its credit risk management practices. The Company's policy is to write off debt only when the customer is no longer using our service and the Company has fully exhausted all enforcement activities. This process is subject to review and approval by the Company's Credit Committee and adherence to internal governance procedures. There has been limited quantum of non-domestic debtor write offs to date. Owing to these factors, application of the Company's accounting policy for recognising impairment losses on trade receivables has resulted in an impairment provision of 48% of its gross trade receivables being provided for at 31 December 2018 (42% at 31 December 2017). The Company recognised a bad debt charge of €18.4 million during 2018, which represents 9% of non-domestic revenue recognised in 2018.

Following the suspension of domestic water charges and the domestic refund programme, all remaining domestic debtors were written off in 2017.

13. Cash and Cash Equivalents

Cash and cash equivalents are held for the purpose of meeting liquidity requirements.

	2018 €'000	2017 €'000
Cash and cash equivalents	61,594	15,588
Total	61,594	15,588
	2018 €'000	2017 €'000
At 1 January	15,588	57,056
Increase/(decrease) in cash and cash equivalents in the statement of cash flows	46,006	(41,468)
At 31 December	61,594	15,588

14. Restricted Deposits

Restricted deposits include amounts held by the Company in respect of third party collateral relating to major projects.

	2018 €'000	2017 €'000
Current	790	3,523
Total	790	3,523

Notes to the Financial Statements
(continued)**15. Cash Generated from Operations**

		2018 €'000	2017 €'000
Cash flows from operating activities			
Profit for the year		135,934	195,708
Adjustments for:			
Depreciation and amortisation	7	82,530	69,358
Retirement benefit cost		726	1,463
Net finance costs	8	8,844	11,595
Income tax expense	9	20,866	13,695
		248,900	291,819
Working capital changes:			
Change in trade and other receivables		(1,054)	(2,133)
Change in trade and other payables		(2,605)	5,447
Change in deferred revenue		20,676	20,880
Change in provisions		(7,571)	13,647
Cash from operating activities before exceptional items		258,346	329,660
Exceptional items – Customer refunds and associated processing costs paid	6	(7,030)	(163,742)
Exceptional items – Grant income (refunded)/received	6	(6,512)	177,535
Cash from operating activities		244,804	343,453
Interest paid		(13,645)	(15,033)
Net cash from operating activities		231,159	328,420

16. Borrowings and Other Debt

This note provides information about the contractual terms of the Company's interest-bearing borrowings. For more information about the Company's exposure to interest rate risk and liquidity risk, see note 22.

Maturity of borrowings and other debt by type (including associated fees)

	Loans from financial institutions 31-Dec-18 €'000	Facilities from Government and Government related agencies 31-Dec-18 €'000	Total 31-Dec-18 €'000	Loans from financial institutions 31-Dec-17 €'000	Facilities from Government and Government related agencies 31-Dec-17 €'000	Total 31-Dec-17 €'000
Less than one year	(584,794)	(300,000)	(884,794)	(524,802)	(300,000)	(824,802)
Current borrowings	(584,794)	(300,000)	(884,794)	(524,802)	(300,000)	(824,802)
Total borrowings	(584,794)	(300,000)	(884,794)	(524,802)	(300,000)	(824,802)

At 31 December 2018, the Company's borrowings comprise facilities drawn from the Ireland Strategic Investment Fund and commercial banks. Interest is charged on the borrowings at floating rates.

17. Analysis of Net Debt

		31-Dec-18 €'000	31-Dec-17 €'000
Total borrowings	16	(884,794)	(824,802)
Less cash and cash equivalents	13	61,594	15,588
Net debt		(823,200)	(809,214)
Net debt reconciliation			
At 1 January		(809,214)	(917,045)
Cash from operations	15	244,804	343,453
Interest paid		(13,645)	(15,033)
Net capital expenditure		(623,278)	(488,719)
Shareholder capital contribution/issue of shares	25	380,000	270,000
Other non-cash items		(1,867)	(1,870)
At 31 December		(823,200)	(809,214)

Notes to the Financial Statements (continued)

18. Retirement Benefit Obligations

The Company operates a defined benefit scheme and a defined contribution scheme. In addition certain employees of the Company, who were previously employees of Ervia, participate in the Ervia defined benefit pension scheme.

(a) Defined benefit pension scheme

The Company operates a contributory defined benefit scheme as required under sections 19 and 27 of the Water Services (No. 2) Act 2013 in relation to employees of the Company, who were previously employed by either the Local Authorities or by the Department of Housing, Planning and Local Government. The Irish Water defined benefit scheme was established on 27 January 2017. The scheme provides retirement benefits based on final pensionable salary and net pensionable salary in respect of pensionable service, together with a "wrap around element" which broadly maintains the final salary linkage in respect of pensionable service completed in either the Local Government Superannuation Scheme or any Superannuation Scheme applicable to Civil Servants.

The defined benefit scheme is administered by a Board of Trustees which comprises member and employer representatives. The Board of Trustees is responsible for the management and governance of the scheme including compliance with all relevant laws and regulations. The assets of the scheme are held separately from those of the Company in trustee administered funds. An initial actuarial valuation was carried out as at the commencement date of 27 January 2017. The next actuarial valuation is due with an effective date of 1 April 2019.

The scheme exposes the Company to a number of risks, the most significant of which are as follows:

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this could create a larger deficit. The scheme holds a significant proportion of growth assets (equities) which, though expected to outperform corporate bonds in the long-term, create additional volatility and risk in the short-term.

Changes in bond yields

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes, although this will be partially offset by an increase in the value of any bond holdings.

Salary inflation

As a final salary scheme there is an exposure to higher benefits arising as a result of higher salary increases than allowed for in the assumptions. The assumptions used to project final salary incorporate an age-related component in addition to a flat basic rate as an allowance for the effect of increments and promotions.

Inflation

The scheme's defined benefit obligations are linked to inflation (for active members, benefits are linked to salary increases while for deferred members, preserved benefits are linked on a discretionary basis to post retirement pension increases awarded). Higher than assumed inflation will lead to higher liabilities. About a fifth of the fund is invested in inflation linked bonds as a match to such real liabilities.

18. Retirement Benefit Obligations

(continued)

Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member (and their dependants), so increases in life expectancy will result in an increase in the liabilities.

	2018 €'000	%	2017 €'000	%
Investments quoted in active markets:				
Equities	4,771	66.5%	2,123	62.0%
– developed markets	4,771		2,123	
Bonds	1,819	25.3%	729	21.3%
– nominal	919		361	
– inflation-linked	900		368	
Cash	219	3.1%	428	12.5%
Unquoted investments:				
Property/forestry	367	5.1%	144	4.2%
Total fair value of plan assets at 31 December	7,176	100.0%	3,424	100.0%
Defined benefit obligation	(34,538)		(32,221)	
Net pension liability at 31 December	(27,362)		(28,797)	

Investment strategy

The Company and Trustees have agreed an initial investment strategy that is growth orientated (75% growth /25% liability matching).

Analysis of the amounts recognised in the income statement

	2018 €'000	2017 €'000
Current service cost	(4,369)	(4,237)
Net interest on the net defined benefit liability	(495)	(471)
Total pension cost recognised in the income statement	(4,864)	(4,708)

Remeasurements recognised in other comprehensive income

	2018 €'000	2017 €'000
Return on plan assets excluding interest income	(447)	115
Experience (loss)/gains on liabilities	(3,774)	434
Effect of changes in financial assumptions	6,863	(1,015)
Total pension gain/(loss) recognised in other comprehensive income	2,642	(466)

Notes to the Financial Statements
(continued)**18. Retirement Benefit Obligations**

(continued)

Movement in the fair value of plan assets

	2018 €'000	2017 €'000
Opening fair value of plan assets	3,424	-
Interest income on plan assets	101	31
Return on plan assets (excluding interest income)	(447)	115
Contributions by employers	3,657	2,774
Contributions by members	645	521
Benefits paid	(204)	(17)
Closing fair value of plan assets	7,176	3,424

Movement in the present value of the defined benefit obligation

	2018 €'000	2017 €'000
Opening defined benefit obligation	(32,221)	(26,397)
Service cost	(4,369)	(4,237)
Interest cost	(596)	(502)
Contributions by members	(645)	(521)
Benefits paid	204	17
Actuarial (loss)/gain	3,089	(581)
Closing defined benefit obligation	(34,538)	(32,221)

The weighted average duration of the defined benefit obligation at 31 December 2018 was approximately 30 years. The Company expects to contribute €3.4 million to its pension plan in 2019.

The key assumptions used in determining the actuarial obligation at 31 December are:

	2018	2017
Discount rate	2.25%	1.85%
Basic salary increases*	2.00%	2.20%
Pension increases	1.50%	1.70%
Inflation	1.50%	1.70%

* Plus salary scale to allow for promotional increases.

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

	2018	2017
Retiring today		
Males	22.3	22.2
Females	24.8	24.7
Retiring in 25 years		
Males	25.3	25.2
Females	27.4	27.3

18. Retirement Benefit Obligations

(continued)

Sensitivity analysis for principal assumptions used to measure scheme liabilities

There are inherent uncertainties surrounding the financial and demographic assumptions adopted in calculating the actuarial value of the Company's defined benefit obligation. The following table analyses the estimated impact on scheme liabilities resulting from changes to key actuarial assumptions.

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.25%	Decrease by €2.4m/increase by €2.7m
Price inflation	Increase/decrease by 0.25%	Increase by €2.7m/decrease by €2.5m
Salary	Increase/decrease by 0.25%	Increase by €3.2m/decrease by €3.0m
Longevity in retirement	Increase/decrease by one year	Increase by €1.2m/decrease by €1.2m

(b) Defined benefit pension scheme accounted for as a Group Plan

The Ervia Group operates a defined benefit pension scheme. A number of the Company's employees participate in that scheme. The scheme is accounted for as a Group Plan in accordance with IAS 19 (revised). Ervia, as the sponsoring employer for the scheme, recognises the net defined benefit cost, while the Company recognises only the cost of contributions payable for the year in respect of the Company's employees. During 2018, the contributions paid to Ervia in respect of the Company's employees was €1.0 million (2017: €1.1 million). These costs are included in the Company's employee benefit expense (set out in note 5) and are identified as a related party transaction in note 26.

(c) Defined contribution pension scheme

During the year ended 31 December 2018, the Company contributed €3.5 million (2017: €3.1 million) to the Irish Water Defined Contribution Scheme, on behalf of its employees, which was charged to the income statement.

19 Deferred Revenue

	2018 €'000	2017 €'000
At 1 January	(60,249)	(39,369)
Received in year	(80,418)	(63,557)
Credited to the income statement	59,341	42,677
Transfers in the year	401	-
At 31 December	(80,925)	(60,249)

Analysed as follows:

Non-current	(40,284)	(42,249)
Current	(40,641)	(18,000)
Total	(80,925)	(60,249)

Customer connection contributions which are received in advance of customer connections are recorded initially as deferred revenue. Contributions are then released to the income statement as revenue as the connection works (performance obligation) are completed.

Notes to the Financial Statements
(continued)**20. Provisions****Provisions**

	2018 €'000
At 1 January	(101,132)
Provisions released/made in the year (net)	1,931
Provisions utilised in the year	6,356
Transfers in the year	(716)
At 31 December	(93,561)

Analysed as follows:

	2018 €'000
Non-current	(53,880)
Current	(39,681)
Total	(93,561)

The provision is primarily made up of legal claims, wayleaves provision, contractor claims and self-insurance. The majority of these provisions are associated with the water and wastewater infrastructure assets which were transferred to the Company from the Local Authorities on 1 January 2014. As part of the due diligence process to agree the assets and liabilities to be transferred from each Local Authority to Irish Water, an exercise was conducted to identify all potential liabilities and capture them as a provision, if they met the recognition criteria of IAS 37. During 2018, a detailed assessment was conducted to bring up to date the Company's best estimate of the expenditure required to settle these obligations. In assessing the likely outcome, the Company based its assessment on experience since transfer from the Local Authorities and other factors that are believed to be reasonable in the circumstances (including legal advice). Refer to note 1 (section d) for detail of the critical judgements and estimates applied.

Contingent liabilities

The company is party to various negotiations over contractual commitments or obligations and various legal proceedings in the normal course of business. It is the opinion of the Directors that these negotiations and proceedings will have no material adverse impact on the financial position of the Company.

21. Trade and Other Payables

		2018 €'000	2017 €'000
Trade payables due		(102,429)	(22,058)
Accruals		(174,926)	(192,724)
Amounts due to related parties	26	(83,130)	(92,076)
Other payables		(4,120)	(17,499)
Taxation and social insurance creditors ¹		(15,170)	(9,311)
Customer refunds and associated processing costs payable	6	(6,763)	(13,793)
Total		(386,538)	(347,461)
Analysed as follows:			
Non-current		(3,509)	(307)
Current		(383,029)	(347,154)
Total		(386,538)	(347,461)
¹ Taxation and social insurance creditors			
PAYE/PRSI/social insurance		(1,590)	(1,447)
VAT		(13,580)	(7,864)
Total		(15,170)	(9,311)

Notes to the Financial Statements
(continued)**22. Financial Risk Management and Financial Assets/ Liabilities**

The carrying values of the financial assets and liabilities of the Company can be analysed as set out below. The Company has not disclosed the fair values for financial instruments such as trade receivables and payables because their carrying amounts are a reasonable approximation of fair value.

	Total at amortised cost €'000
At 31 December 2018	
Financial assets	
Trade and other receivables (excluding prepayments)	140,031
Cash and cash equivalents	61,594
Restricted deposits	790
	202,415
Financial liabilities	
Borrowings and other debt ¹	(884,794)
Trade and other payables	(386,538)
	(1,271,332)
Net financial liabilities	(1,068,917)
	Total at amortised cost €'000
At 31 December 2017	
Financial assets	
Trade and other receivables (excluding prepayments)	132,848
Cash and cash equivalents	15,588
Restricted deposits	3,523
	151,959
Financial liabilities	
Borrowings and other debt ¹	(824,802)
Trade and other payables	(347,461)
	(1,172,263)
Net financial liabilities	(1,020,304)

¹ The fair value of borrowings and other debt as at 31 December 2018 was €884.8 million (2017: €824.8 million).

Financial Risk Management

Financial risk management policies have been established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks. These financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, develops a disciplined and constructive control environment in which all employees understand their roles and obligations.

22. Financial Risk Management and Financial Assets/ Liabilities

(continued)

(i) Credit risk

Credit risk is defined as the total loss that the Company would sustain on its business and market transactions if a counterparty defaulted and failed to perform its contractual obligations. It includes credit exposures arising from trading relationships with customers. The objective of credit risk management is to manage and control credit risk exposures within acceptable parameters, while optimising the return.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31-Dec-18 €'000	31-Dec-17 €'000
Trade and other receivables (excluding prepayments)	140,031	132,848
Cash and cash equivalents	61,594	15,588
Restricted deposits	790	3,523
Total	202,415	151,959

(i) (a) Treasury related credit risk

The Ervia Group operates a centralised treasury function, which undertakes all treasury activities of the Ervia Group, including on behalf of Irish Water.

Ervia Group Treasury, on behalf of Irish Water, manages treasury related credit risk through the use of counterparty credit limits which take account of, among other relevant factors, published credit ratings. It is the Company's policy that cash is mainly placed on deposit with institutions who maintain an investment grade credit rating. Ervia Group Treasury regularly evaluates and measures its treasury counterparty exposures.

(i) (b) Trade related credit risk

Please refer to note 12 for an analysis of the Company's exposure to trade related credit risk.

(ii) Funding and liquidity risk

The Company's approach to managing funding and liquidity risk is to ensure, as far as possible, that it has adequate resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Ervia Group Treasury, on behalf of the Company, develops and maintains relationships with financial institutions in order to develop their understanding of the business and to build their long-term commitment to the Company. All banking and treasury services are sourced at competitive prices. The Ervia Group Head of Treasury, supported by the Ervia Group Chief Financial Officer, the Ervia Group Chief Executive Officer, the Irish Water Head of Finance and other appropriate senior managers, are responsible for managing and maintaining relationships.

Cash and liquidity management are undertaken centrally by the Ervia Group treasury function. Ervia Group Treasury is responsible for ensuring the Company has access to sufficient liquidity to ensure that the Company is able to settle obligations arising through its day-to-day operations, maturing debt obligations and capital investment outlays. Cash pooling is carried out and account balances netted where possible to minimise cash leakage and the interest expense. Ervia Group Treasury undertake cash forecasting and planning in conjunction with the Company on a regular basis. Cash flow forecasts are updated on a daily and weekly basis and are used to manage liquidity.

Notes to the Financial Statements
(continued)**22. Financial Risk Management and Financial Assets/ Liabilities**

(continued)

(ii) (a) Cash surpluses

Cash surpluses are used primarily to reduce the level of debt. The Company does not systematically and continually deposit and borrow funds, although circumstances will arise from time to time where it is necessary or advantageous to hold cash on deposit. Cash surpluses may be invested in, but not limited to; Deposit Accounts, Time Deposits, Commercial Paper, Exchequer Bills, Government Bonds, Money Market Funds and Certificates of Deposit. The Company will invest surplus cash in euro. The Company's policy is to develop and maintain relationships to facilitate its long term liquidity, access to capital and availability of risk management facilities.

The Company's policy is to invest surplus cash in a risk averse manner. Where funds are available for investment the Company will seek to optimise the return, taking into account the liquidity of the instrument, the interest rate yield curve, market conditions at the time of the transaction, the relative risk of the investment product and the approved credit limits under the Ervia Group treasury policy. The Company seeks to minimise the cost of short-term borrowing, subject to achieving appropriate terms and conditions. The Company monitors the level of bank charges and seeks to minimise such costs whilst ensuring that its banking services meet operational requirements.

(ii) (b) Funding

At 31 December 2018, the Company's total borrowings were €884.8 million (including capitalised loan fees). At 31 December 2018, the Company had undrawn facilities of €375.0 million and €61.6 million of cash and cash equivalents. The Company has a statutory borrowing limit of €2,000.0 million, which sets the upper limit for drawn facilities.

Key activities in relation to debt management undertaken during 2018 include; the rollover of €800.0 million of short-term bilateral funding facilities with a number of commercial banks and the refinancing of the existing €450.0 million of funding facilities with the Ireland Strategic Investment Fund. The Company has continued to roll its debt financing on a short term basis, pending implementation by the Government of the recommendations of the Joint Oireachtas Committee on the Future Funding of Domestic Water Services and a Department of Housing, Planning and Local Government led Working Group on the Future Funding Model for Irish Water. The revised funding model provides funding certainty to Irish Water on a multiannual basis within the constraints of government budgetary planning. At 31 December 2018, the weighted average interest rate on the Company's portfolio of outstanding borrowings was 0.93% (1.32%: 31 December 2017) and the average maturity of its debt was 0.42 years (0.55 years: December 31st 2017). In 2017, a new funding framework was set out in the Water Services Act 2017, to give the Company increased funding certainty on a multi-annual basis having regard for the Government budgetary processes. The framework is to provide funding certainty and stability for the Company so that it can plan and deliver requisite investment in water and wastewater infrastructure.

During 2018, Irish Water received a cash capital contribution of €380.0 million from the Minister for Finance.

22. Financial Risk Management and Financial Assets/ Liabilities

(continued)

(ii) (c) Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including the undiscounted interest payment associated with borrowings.

	Carrying amount €'000	Contractual cash flows €'000	< 1 year €'000	1-2 years €'000	2-5 years €'000	> 5 years €'000
At 31 December 2018						
Borrowings	(884,794)	(885,710)	(885,710)	-	-	-
Trade and other payables	(386,538)	(386,538)	(383,029)	(3,509)	-	-
Total	(1,271,332)	(1,272,248)	(1,268,739)	(3,509)	-	-
At 31 December 2017						
Borrowings	(824,802)	(825,937)	(825,937)	-	-	-
Trade and other payables	(347,461)	(347,461)	(347,154)	-	(307)	-
Total	(1,172,263)	(1,173,398)	(1,173,091)	-	(307)	-

(iii) Market risk

Market risk is the possibility that changes in market factors will adversely affect the value of the Company's financial assets, liabilities or expected future cash flows. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Ervia Group Treasury is responsible for managing market risk with respect to currency exchange rates and interest rates for the Company.

(iii) (a) Exchange rate risk

The Company is exposed to certain trade-related foreign currency risk which is not significant and therefore the impact on the Company's results is minimal.

(iii) (b) Interest rate risk

Interest rate risk derives from changes in interest rates which affect the market value of financial assets and liabilities of the Company and the level of finance charges.

The debt in place for the Company is short term in nature and has been maintained at floating interest rates, pending implementation by the Government of the recommendations of the Joint Oireachtas Committee on the Future Funding of Domestic Water Services and a Department of Housing, Planning and Local Government led Working Group on the Future Funding Model for the Company.

The Company's exposure to interest rate fluctuations covers two types of risk:

- a risk of change in the cash flows related to floating rate financial assets and liabilities; and
- a risk of change in the value of fixed rate financial assets and liabilities.

The percentage of the Company's fixed and floating rate debt at 31 December was as follows:

	2018 €'000	2018 %	2017 €'000	2017 %
At fixed rates	-	0.0%	-	0.0%
At floating rates	(884,794)	100.0%	(824,802)	100.0%
Total	(884,794)	100.0%	(824,802)	100.0%

Notes to the Financial Statements
(continued)**22. Financial Risk Management and Financial Assets/ Liabilities**

(continued)

Interest costs on variable rate loans are reset on a periodic basis over the prevailing market rate.

Cash flow sensitivity analysis for floating rate debt

Based on debt balances outstanding at 31 December 2018 it is estimated that a general increase of 50 basis points in interest rates at 31 December would impact full year profit before taxation by the amounts shown below:

	Profit before taxation gain/(loss) 31-Dec-18 €'000	Profit before taxation gain/(loss) 31-Dec-17 €'000
50 bp increase	(4,424)	(4,124)
50 bp decrease	4,424	4,124

23. Fair Value Measurement

A number of the Company's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities. In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent that it is available.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows;

- ▶ Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ▶ Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- ▶ Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

24. Operating Leases

The following operating lease commitments are payable by the Company over the remaining lease terms and generally relate to the rental of office premises. There are no significant or unusual restrictions imposed by the terms of the operating leases. All lease arrangements are at an arm's length basis. Amounts included in the income statement in respect of lease arrangements were €3.4 million (2017: €3.5 million).

	2018 €'000	2017 €'000
Amounts payable:		
In less than one year	(3,286)	(3,983)
Between one and five years	(11,786)	(15,012)
After five years	(5,803)	(35,898)
Total	(20,875)	(54,893)

25. Equity

(a) Share capital

	2018 €'000		2017 €'000
Authorised:		Authorised:	
50,000,000 "A" shares at €0.01 each	500	50,000,000 "A" shares at €0.01 each	500
50,000,000 "B" shares at €0.01 each	500	50,000,000 "B" shares at €0.01 each	500
Total	1,000	Total	1,000
	2018 €		2017 €
Issued, called up and fully paid:		Issued, called up and fully paid:	
1 "A" share at €0.01 each	0.01	1 "A" share at €0.01 each	0.01
650 "B" shares at €0.01 each	6.50	650 "B" shares at €0.01 each	6.50
Total	6.51	Total	6.51

Share premium

	2018 €'000	2017 €'000
At 1 January	(324,000)	(54,000)
Issue of shares	-	(270,000)
At 31 December	(324,000)	(324,000)

At 31 December 2018, Ervia held the one "A" share, the Minister for Housing, Planning and Local Government held 325 "B" shares and the Minister for Finance held 325 "B" shares.

An "A" share gives the holder the right to exercise a vote at any general meeting of the Company. By being the sole holder of an "A" share Ervia has full voting control. The "A" share does not confer on the holders thereof any entitlement to any participation in the profits or assets of the Company save for the return of the subscription value in case of liquidation.

Notes to the Financial Statements
(continued)**25. Equity**

(continued)

“B” shares have no power of control or direction over the Company giving the holders the right to be notified and attend but not vote at any general meeting of the Company. These shares do carry the right to receive whatever dividends or distributions (if any) may be determined by the Board and do convey ‘Ministerial Consents’ and have protective rights. In the case of liquidation after the subscription value is repaid to the A shareholder(s) the balance of the net proceeds are distributable to the holders of the “B” shares pro rata to the number of “B” shares held by each.

(b) Capital contribution

	2018 €'000	2017 €'000
At 1 January	(576,466)	(576,466)
Capital contribution received in 2018	(380,000)	-
At 31 December	(956,466)	(576,466)

During 2018, the Company received an unconditional, irrevocable and non-refundable cash capital contribution of €380.0 million from the Minister for Finance.

26. Related Parties

		2018 €'000	2017 €'000
Ervia Group entities charges	(a)		
Transactional and support service agreement costs	(a) (i)	(44,044)	(43,073)
		(44,044)	(43,073)
Local Authorities charges	(b)		
Service level agreement	(b) (i)		
– operating expenditure (payroll and functional support overheads)		(213,014)	(220,882)
– operating expenditure (general overheads)		(4,728)	(10,338)
– capital expenditure		(52,633)	(39,344)
– procurement recharges		(35,088)	(37,512)
		(305,463)	(308,076)

The related party balances receivable/(payable) are detailed below:

		31-Dec-18 €'000	31-Dec-17 €'000
Payable to Ervia Group entities	(a) (i-iii)	(28,000)	(26,774)
Payable to Local Authorities	(b) (i)	(55,130)	(65,302)
Amounts due to related parties		(83,130)	(92,076)
Receivable from Local Authorities	(b) (i-iii)	32,609	33,609
Restricted cash balances held by Local Authorities	(b) (iii)	2,193	2,193
Amounts receivable from related parties		34,802	35,802

26. Related Parties

(continued)

In addition the Company had additional related party transactions with Government as follows:

Government	(c)		
Government subvention income		719,832	751,663
Capital contribution		380,000	-
Issue of shares		-	270,000
		1,099,832	1,021,663

(a) Ultimate parent undertaking

At 31 December 2018, Ervia held 100% of the voting shares ("A" shares) in the Company, but with no economic rights attributable to that interest. The Minister for Finance and the Minister for Housing, Planning and Local Government each held 325 Water Economic Rights ("B" shares) shares which carried no voting rights but carried all the economic rights to obtain benefit from the activities of the Company.

IFRS 10 states "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". Ervia's share ownership in the Company does not satisfy the conditions of control as required by IFRS 10, and therefore in order to comply with the requirements of IFRS, the financial statements of Irish Water are not consolidated with the results of the Ervia Group. The Company is deemed to be a related party of the Ervia Group.

(a) (i) Transactional and support service agreement costs

The Ervia Group provides strategic, governance, risk management, capital delivery management and transactional and support services to the Company, through the Group Centre, Major Projects area and Business Services. The Ervia Business Services is designed to provide transactional and support services to the Ervia Group (including the Company) in the areas of Finance, Procurement, Facilities, HR and IT, while supporting 31 Local Authorities in the areas of Finance (accounts payable and project accounting), Procurement and IT. The costs relating to the secondment of employees to the Company are recharged from Ervia Group on a full cost recovery method with no margin paid. In addition the Company is recharged for the use of Ervia properties.

(a) (ii) Joint projects

In the normal course of business, the Company transacts with the Ervia Group in respect of their joint utility projects. No overhead or margins are applied by the companies, resulting in a direct recharge of costs incurred. Balances outstanding in respect of these transactions are included in the table above.

(a) (iii) Pension costs

The Ervia Group operates a defined benefit pension scheme. A number of the Company's employees participate in that scheme. The scheme is accounted for as a Group Plan in accordance with IAS 19 (revised). Ervia, as the sponsoring employer for the plan, recognises the net defined benefit cost, while the Company recognises only the cost of contributions payable for the year in respect of the Company's employees. During 2018, the contributions payable in respect of the Company's employees was €1.0 million (2017: €1.1 million). These costs are included in the Company's employee benefit expense, set out in note 5.

(b) Local Authorities

In common with many other entities, the Company deals in the normal course of business with Local Authorities. In accordance with the standard, details of such transactions are not set out in the table disclosed above. However, the Company has disclosed detail in respect of the following significant transactions with Local Authorities;

Notes to the Financial Statements
(continued)**26. Related Parties**

(continued)

(b) (i) Service level agreement

A service level agreement between the Company and each Local Authority was signed on the basis that the Company would own the water assets from 1 January 2014. The service level agreement between the Company and each individual Local Authority is an outsourcing agreement for up to a 12 year period.

Each Local Authority continues to operate and maintain the water assets on behalf of the Company in return for the agreed fees set out in the service level agreement. Performance targets and service levels are agreed in an Annual Service Plan between each Local Authority and the Company in accordance with the service level agreement.

A Licence to use the water assets was granted by each Local Authority to the Company as part of the service level agreement in place between the Company and each Local Authority. The Licence is a 12 month mutual licence enabling both the Company and the Local Authorities to carry out their contractual and statutory functions as if a statutory transfer of the water assets had taken place as anticipated (the "Licence"). In return for the Licence, the Company gave the Local Authorities an indemnity for any loss suffered by the Local Authorities as a result of their continuing to legally own the assets. The Licence relates to physical assets (e.g. pipelines, plant and equipment) and does not relate to contracts or entitlements (irrespective of whether they are attaching to such assets). The Licence has been extended by the agreement of both parties until 31 December 2019.

(b) (ii) Working capital arrangements

The Company has provided the Local Authorities with working capital advances to cover payments which are made by the Local Authorities each month and subsequently recharged to the Company under the service level agreement at (b) (i) above. Such payments are in respect of salaries, central management charges and a limited amount of goods and services.

(b) (iii) Asset acquisition

The water and wastewater infrastructure assets transferred from the Local Authorities to the Company on 1 January 2014. No consideration was paid by the Company for the assets acquired. The Local Authorities were compensated for certain financial assets (including receivables) or charged for certain financial liabilities transferred. Balances outstanding in respect of this transaction are included in the table above.

(c) Government and government related entities

In common with many other entities, the Company deals in the normal course of business with the Government and government related entities, in particular:

- ▶ As described in notes 16 and 22, the Company had drawn facilities of €300 million with the Ireland Strategic Investment Fund (2017: €300.0 million). These facilities are on an arm's length basis.
- ▶ The Company refunded €6.5 million relevant to the domestic water refunds programme to the government during the year. This is now carried as a receivable amount under trade and other receivables (note 12).

(d) Banks owned by the Irish State

In the normal course of business, the Company transacts with certain Irish banks which are wholly or partially controlled by the Irish Government. All of the Company's transactions with such banks are on normal commercial terms. The Company had no material concentration of borrowings or deposits with any such banks during the year or at 31 December 2018.

(e) Directors' interests

Directors had no beneficial interests in the Company at any time during the year or at 31 December 2018.

26. Related Parties

(continued)

(f) Key management compensation

	2018 €'000	2017 €'000
Short-term employee benefits	(1,100)	(1,015)
Post-employment benefits	(138)	(270)
Total	(1,238)	(1,285)

Key management consists of the Ervia Board, the Ervia CEO and his direct reports. Key management compensation costs are apportioned to the Company and other entities within the Ervia Group based on services provided.

27. 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.

28. Approval of Financial Statements

The Directors approved the financial statements on 25 March 2019.

Directors and Other Information

Directors	Mike Quinn (<i>Chairman</i>)	
	Jerry Grant (<i>retired 30 September 2018</i>)	
	Brendan Murphy	
	Michael O'Sullivan	
	Cathal Marley	
	Eamon Gallen (<i>appointed 01 October 2018</i>)	
Secretary	Liam O'Riordan	
Registered Office	Colvill House 24/26 Talbot Street Dublin 1	
Solicitors	McCann Fitzgerald Riverside One Sir John Rogerson's Quay Dublin 2	A & L Goodbody IFSC North Wall Quay Dublin 1
Bankers	Allied Irish Bank 40–41 Westmoreland Street Dublin 2	
Auditor	Deloitte Ireland LLP Chartered Accountants & Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2	
Company Number	530363	





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