



ElectraLink

2022

ANNUAL REPORT & FINANCIAL STATEMENTS

COMPANY NO: 03271981



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DIRECTORS

J R Purdy	Non-Executive Director and Chairman
H Jones	Non-Executive Director and Chair of the Remuneration Committee
P Denniff	Non-Executive Director and Chair of the Remuneration Committee
S E Anderson	Non-Executive Director
T A Pitcher	Non-Executive Director
P R Bircham	Non-Executive Director
N J Bessant	Non-Executive Director
D Hopkinson	Executive Director

OFFICERS

D Hopkinson	Chief Executive
G Drake	Company Secretary

REGISTERED OFFICE

Third Floor, Northumberland House
303-306 High Holborn
London
WC1V 7JZ

BANKERS

HSBC plc
60 Queen Victoria Street
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EC4N 4TR

SOLICITORS

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Exchange House
Primrose Street
London
EC2A 2HS

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
Abbotts House
Abbey Street
Reading, RG1 3BD
United Kingdom



INTRODUCTION

by Chairman and
Chief Executive Officer

We are pleased to report on a further year of progress in the development of our services, the maintenance of high standards of service delivery, and a financial performance in line with our business plan. Over the last 12 months ElectraLink has maintained its position and invested in staff and capacities to set us up for the future in a very challenging market environment, with continued disturbance in the energy supply market and unforeseen high energy prices contributing to more supply companies failing.



We maintain a strong balance sheet with year-end working capital of £10.77m (2021: £8.58m) and an aggregate £11.06m (2021: £8.25m) of cash at bank and cash investments.

The impact of the war in Ukraine, general higher inflationary environments and constrained supply chain conditions, contributed to the increasing cost of staff and trouble sourcing new staff for growth and filling of vacancies.

ElectraLink’s core regulated data service supports business processes in the UK energy market, such as change of meter and settlement processes, through the provision of a secure and cost-effective means of transferring data between market participants. In parallel, ElectraLink also provides a range of commercial services to the market which include non-regulated data transfer, data as a service, code management and innovation project delivery.

The refocused strategy of providing a no consideration Data Transfer Service (“DTS”) whilst embedding a Data First approach, is gaining momentum in establishing an innovation capability to enable the focused use of data in addressing specific licence and pricing conditions of the shareholders and the wider market. The high standards and perceived value for money of the DTS was again reinforced by another year of strong Customer Satisfaction ratings for the service.

The commercial services facilitate competition and innovation by improving data transparency and the implementation of change in a complex industry and 2022 was the first full year following the loss of several code governance contracts. The impact of which was partially offset by a move in focus on working with its Distribution Network Operators (“DNO”) shareholders on the delivery of innovation projects such as project Skyline, which aims to test a process for the capture and sharing of EV charge point installation information, as well as projects supporting the provision of information in managing Flexibility of supply.

A significant improvement in staff satisfaction and engagement was measured in the independent Best Companies staff survey (refer to page 7 Directors’ Report), and reflected in a real improvement of staff retention in 2022 as well as the high quality of new joiners through the year, a confirmation of an attractive employment offering and work culture. The established remote and flexible/hybrid way of working flourished in the post pandemic shift in preferred work patterns and was bolstered by a successful campaign launching focused new company values and behaviours underpinning all communication, performance measurement and staff interaction.

The Board did not make a dividend payment for 2022 (2021: £nil), conserving cash in anticipation of future investment as set out in our Business Plan. We maintain a strong balance sheet with year-end working capital of £11.31m (2021: £8.72m) and an aggregate £11.06m (2021: £8.25m) of cash at bank and cash investments, a solid foundation for the operating and development needs of the DTS and potential commercial activities in our business plan.

ElectraLink is now fully engaged in playing its role in delivering the UK’s policy objective of achieving net-zero during a period of significant change, that can only be successfully achieved with innovative solutions. Electralink prides itself on securely delivering the right data as useful information into the right hands at the right time. This is ElectraLink’s core purpose and 2023 will be a key year in delivering our capabilities in service to the industry, meeting its diverse aims and obligations whilst ensuring that we maintain our excellent service levels, quality support and up to date technical capabilities for our existing activities.

J R Purdy
Chairman

D Hopkinson
CEO

16 March 2023



STRATEGIC REPORT

Business Review and Key performance indicators

The company has ended the year in a strong financial position with sufficient net assets and liquid resources available to meet all our anticipated trading and operational commitments for the coming year. Net assets at the year-end are £17.93m (2021: £15.85m) and working capital is £11.31m (2021: £8.72m). The company had aggregate cash at bank and cash investments of £11.06m (2021: £8.25m).

Overall, the company generated £15.95m of turnover (2021: £16.65m) and £2.25m (2021: £3.86m) operating profit before interest and taxes (EBIT), with a net profit margin of 13% (2021: 19%) reflecting:

- The financial performance of the Data Transfer Service ("DTS") due to growing traffic and more productive relationships with our key suppliers.
- The impact of the loss of governance service contracts absorbed into the Retail Energy Code.
- The continuing growth of our remaining commercial businesses, partially offsetting the loss of contracts above.
- Development of our core infrastructure in preparation for the continuing development of our data management and analytics capabilities to better serve our existing and prospective customers.
- Demand-side headwinds in 2022 included cost of living increases, general wage inflation, a continued shortage of critical technical skills in the market impacting on staff costs, and inflationary increases. Notwithstanding this we continued to recruit and invest in people and skills as a key driver of future growth.
- Sector volatility impacting our client base and deferring some key investment decisions.
- Support for the Market Half Hourly Settlement (MHHS) programme.

The Data Transfer Service continues to be provided in accordance with the DTS Charging Principles that set out the cost pass-through and investment recovery arrangements as per the Data Transfer Services Agreement. The net investment recovery in any one year is determined by the pricing strategy and decision, with any accelerated or delayed recovery in a specific year impacting reported DTS profits in future years but with the cash flow effect of the recovery timing being met from existing cash reserves.

During 2022, the company has managed DTS operating expenses effectively whilst accommodating continued traffic growth. During 2022 total traffic volume on the DTS grew by 8.5% (2021: 10.5%).

At the end of 2021, Electralink lost two of its governance services contracts reflecting big changes and consolidation in the industry. The impact of this loss was felt in 2022 and was a significant contributor to the drop in revenue and profit as these were higher margin contracts.

ElectraLink continued to engage with the market and deliver service excellence. This supported the continuing growth of its non-DTS services, in particular an expansion of Energy Market Insight services to government, regulators and other code governance bodies as a cost recovered service in conjunction with commercial growth of insight services to energy market participants. Our ongoing marketing activities in the year have continued to provide the company with a sound foundation on which to build our commercial services portfolio. During 2022, the company continued to invest in strengthening its market position, through contribution to and participation in industry initiatives as well as strengthening our internal delivery and development resource.

KEY PERFORMANCE INDICATORS

We monitor our performance through a combination of financial and non-financial indicators. These are geared towards measuring annual performance as well as the longer-term sustainability of the business. They are a key factor in determining staff bonus pay-outs. Tracking these indicators also provides greater foresight, enabling us to better anticipate forward trends, acting as an early warning so we can adapt to changing circumstances.

The indicators we use include:

- Revenue, profit, and margin compared against budget, re-forecasts, and historic levels and by Business Unit to match the various business areas' specific drivers and circumstances.
- Customer satisfaction with DTS as well as Commercial activities through surveys conducted.
- Cash balances - Cash flow management, monitoring and forecasting to anticipate any impact on funding availability and ensure sufficient capital to fund planned growth.
- Headcount changes and people investment measured through results of staff surveys.



PRINCIPAL RISKS AND UNCERTAINTIES
AND FINANCIAL RISK MANAGEMENT

The Board examines the major strategic, business, and operational risks that the Company faces on a regular basis, including formal reviews at Board meetings. A system has been established that ensures risks are monitored and reported regularly at all levels, and that appropriate actions are in place to mitigate perceived significant risks.

ElectraLink maintains a comprehensive set of delegations of authority and financial regulations, and any material breach is reported to the Audit & Risk Committee. The financial controls and procedures are reviewed regularly and there were no breaches during the year.

The Board has a clear risk management strategy. As part of that strategy, it regularly assesses business risk by reviewing and updating the corporate risk register in context of developments in the external environment and internal operations. A number of core risks are continuously managed including:

- The impacts of regulatory and industry changes taking place in relation to our core contracts;
- Increased competition from existing competitors and new entrant organisations into the energy market;
- Dependency on key suppliers; and
- Other internal operational risks include the retention of key talent and infrastructure resilience.

These risks are regularly appraised, and mitigating actions are put in place as appropriate. The longer-term impact risks facing the business are regularly assessed against the 3-year Business Plan, which is reviewed on an annual basis and modified to reflect significant changes in the operating environment.

FURTHER DEVELOPMENTS

ElectraLink is now entering a period of significant change as, in the medium term, we make our contribution to the energy industry's transition to Net Zero, whilst in the shorter-term adapt our DTS services to embrace the transformation of the central systems and code management landscape being driven by Ofgem.

Our response will be to continue to build upon our excellent service delivery record of the DTS with appropriate technology and platform investments that ensure our service continues to fully meet our customer's needs and expectations.

The commercial business had the first full year after the loss of the retail governance service contracts and continued expanding our service portfolio in the management and provision of data. Our aim is to continue development of our data analytics capabilities to be able to inform policy decisions, investment and operating practices in the sector as global environmental challenges progressively impact the energy industry.

Approved by the Board of Directors and signed on behalf of the Board.

J R Purdy
Director
16 March 2023

Registered address:

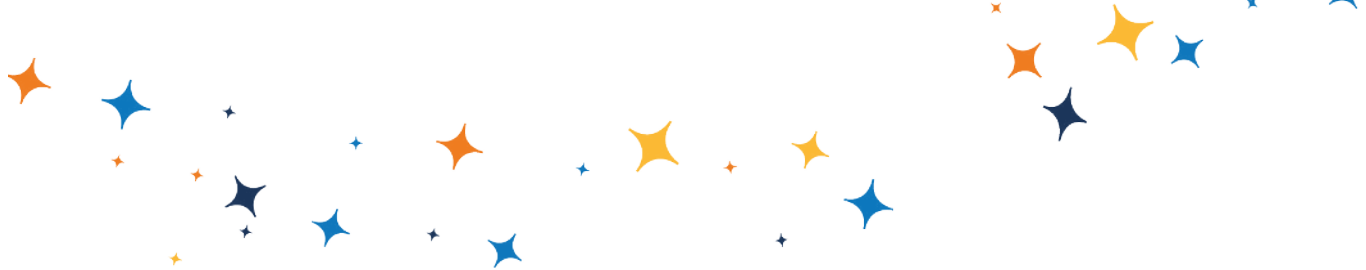
3rd Floor, Northumberland House, 303-306
High Holborn, London, WC1V 7JZ

PRINCIPAL ACTIVITY

The principal activity of the company is the provision of the Data Transfer Service ("DTS"), which underpins the effective and efficient exchange of business-critical data between electricity supply, distribution, meter agents and the balancing and settlement code company in the UK domestic electricity supply market. The company also provides data transfer services to customers in the wider electricity and gas markets in support of their Distribution Use of System ("DUoS"), Gas Metering, Notification of Old Supplier Information ("NOSI"), Review of Gas Metering Arrangements ("RGMA") and File Cloner activities.

In addition, the company provides Energy Market Insight and Data Analytics services to Government, regulatory and governance bodies as well as energy market participants using the DTS data set and third-party data to improve the efficiencies of the energy market. Transformation Services work closely with the shareholders in providing innovation support meeting licence conditions and optimising pricing opportunities as well as supporting the industry addressing challenges in delivering net zero.

The company also delivers code administration services in support of code governance arrangements.



DIRECTORS

The directors who served throughout the year and up to the date of signing these accounts were:

J R Purdy	Non-Executive Director and Chairman
H Jones	Non-Executive Director and Chair of the Remuneration Committee
P Denniff	Non-Executive Director and Chair of the Remuneration Committee
S E Anderson	Non-Executive Director
T A Pitcher	Non-Executive Director
P R Bircham	Non-Executive Director
N J Bessant	Non-Executive Director
D Hopkinson	Executive Director

RESULTS AND DIVIDENDS

The results for the year ended 31 December 2022 are set out on pages 16 to 34.

The company’s profit after tax for the year ended 31 December 2022 was £2.08m (2021: £3.10m).

The directors do not recommend the payment of a final dividend (2021: £nil).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company’s activities expose it to several financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives (where applicable) is governed by the company’s policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes, and it held no derivative instruments at the year end. Operating and financial risks are actively managed through the risk register owned by the Senior Management Team and presented to the Audit and Risk Committee of the Board on a quarterly basis with updated risks as well as actions taken and assessment of mitigation actions in place.

The following specific actions are taken on the identified risk areas:

Credit risk

- A formal credit review is executed as a standard process step for any new customer or agreement with the creditworthiness taken into account before the contract is entered into. Payment history and adhering to payment terms are managed closely with an ageing published monthly as part of the management accounts and specific follow up actions for missed payments including suspension of services with continued non-payment.

Cash flow risk

- A key component of the annual budget setting and 5-year business plan refreshing is assessing the expected cash generated by the business and therefore the available funds for investment and business improvement. This is reviewed and approved by the Board and the position monitored through quarterly forecasts to be able to react to business and market changes impacting the cash generated, consumed and available for investment. Cash flow, generation and consumptions is reported monthly to the Board as part of the Management Accounts.

Liquidity risk

- A minimum cash level is set to be maintained to ensure sufficient reserves for normal business as usual operating cost for at least a 3-month period. All business and cash flow planning is done with this in mind and any risk or changes will be addressed as part of the quarterly re-forecast process. Further a core aspect of the company strategy is to deliver the Shareholder Licence conditions without any call for funding. The Budget and Business plan is developed, and the business managed within this constraint where no dividends are proposed and made that will impact the liquidity levels to deliver the required service. Any extraordinary capital investment or if

any acquisition is to be considered do require specific Shareholder approval and any impact on liquidity will form part of this business case and approach intended.

EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events after the balance sheet date that would have a material impact on these financial statements.

FUTURE DEVELOPMENTS

Future development disclosures are set out in the Strategic report on page 10 and form part of this report by cross reference.

ENGAGEMENT WITH EMPLOYEES

Each year an employee survey is performed with an external company, Best Companies. This ensures total confidentiality for our employees while also benchmarking us against a broad range of other companies in the UK. This year 2022, we achieved a Best Companies Score of 656.8 out of 900, which represented a 43.1 point increase against the previous year’s result and a ‘One to watch’ classification in the rankings. Our score improved across all areas that Best Companies measure including leadership, manager, team, fair deal, personal growth and well-being.

ENERGY AND CARBON REPORTING

We have reported on all sources of GHG emissions and energy usage as a voluntary disclosure in our strive for Net Zero which was achieved early in 2022:

- UK energy for own use*: electricity, gas transport: 2022: 88,292 kwh (2021: 96,874 kwh)
- Associated GHG emissions: 2022: 14,943 co2e (2021: 16,059 co2e)
- Emissions intensity metric of total Co2e per turnover: 2022: 164 t/co2e is equal to 0.010t per £turnover (2021: 112 t/co2e is 0.007t per £turnover)

*Electralink is an office based company, we do not have any emissions for activities not for our own use.

Methodology used to calculate the above: GHGp, ISO14064 and SBTi methodologies.

The actions taken by Electralink and its employees to reduce energy use include the provision of energy saving equipment to use at people’s homes; reduction in travel; introduction of the electric vehicle employee benefit scheme; and basic CO2e reduction schemes in the office.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR

Each of the directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company’s auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company’s auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

CORPORATE GOVERNANCE: BOARD STATEMENT

ElectraLink is committed to maintaining high standards of corporate governance throughout its activities. The company is a medium private limited company and is

not subject to the corporate governance principles and practice set out in the July 2018 UK Corporate Governance Code (“the Code”). However, the Board takes Corporate Governance seriously and as such has implemented its own policies that are closely aligned to the Code including Audit and Remuneration Committees, an Employee Forum, regular engagement with shareholders and stakeholders, a stated Company purpose, values and strategy, and a maintained and Board reviewed risk register.

THE BOARD

There is an effective and appropriately constituted Board that receives such information as required to properly fulfil its duties. The Board currently comprises a Non-Executive Chairman; five Non-Executive Directors and one Executive Director who together bring a wide range of skills and experience to the Board. All directors are obliged to submit themselves for re-election at least every three years.

The Board normally meets every month and may meet on an ad hoc basis to consider matters that are time critical. The Board’s principal focus is the overall strategic direction, development, and operation of the company. In support of this focus, the Board approves the company’s annual budget, capital expenditure proposals, business development plans, governance and compliance and has oversight of the company’s operating and financial performance. The Board is also responsible for the company’s overall system of internal controls.

The Board takes the opportunity afforded by the AGM to ensure the company’s operating performance and plans are communicated to shareholders. In addition, the company’s forward-looking business plan is presented to shareholders at the end of each financial year and shareholders are provided regular updates on key strategic matters throughout the year.

PRINCIPAL BOARD COMMITTEES

The Board has established Audit & Risk, Remuneration, and Nomination committees comprising the Non-Executive Directors only, supported by members of the executive management team and professional advisers as required to ensure appropriate governance procedures and controls are applied.

The Audit & Risk Committee is chaired by an Independent Non-Executive Director and its terms of reference include the review of the company’s annual financial statements, accounting policies, internal management and financial controls, tother with risk management controls and procedures. It also considers the appointment and fees of the external auditor and reviews the audit scope as well as the findings and management letters arising from audits. The fees for non-audit services provided by the auditor are reviewed and agreed by the Board. Company Officers and the external auditor attend meetings at the request of the committee.

The Remuneration Committee’s key role is to determine the appropriate levels of remuneration for the company’s executive management team. In 2022 the Committee reviewed remuneration structures for these roles. Directors’ remuneration is set at the level appropriate to the size of the business and commensurate with the need to run the business successfully and is approved by the shareholders at the AGM.

The Nominations Committee considers arrangements for the appointment of directors and appointments of senior managers within the executive management team.

INTERNAL CONTROL

The Board is responsible for the company’s system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and is not an absolute assurance against material misstatement or loss.

The Board has reviewed the key business, financial, operational and compliance risks facing the company, prioritised their significance and determined current procedures and processes in place to detect and address them. The Board has also developed a mechanism for the monitoring of risk and associated controls and a company risk register is reviewed by the Board.

GOING CONCERN

The financial statements have been prepared on the going concern basis. The company’s business activities, together with the factors likely to effect it future development and performance are set out in the Strategic Report and Directors report on pages 4 and 6 respectively.

The company continues to develop quarterly forecasts and 3-year Business Plans which incorporate appropriate downside sensitivities in future demand trends discussed in more detail below, which enables the Directors to adjust the overall operating strategy to ensure that the Business remains in a positive position.

The energy price crisis in the United Kingdom is a major event for energy market and ElectraLink is responding across both cost recovery and commercial services. For the CRS we are carefully monitoring debt balances for at risk parties to limit the CRS exposure to retail failure. We are also being mindful of the increase in monopoly service cost increases on DTS users and have limited our service charge increases on this basis. On the commercial side our data products and services facilitate cost reduction within our customers line of business estates and therefore remain in demand. We are also working with the regulator and government to provide additional data services to ensure visibility of market trends and to support the introduction of regulatory interventions. The cost-of-living crisis that has impacted everyone throughout 2022 and is continuing into 2023 is a further area of concern for our employees as well as our customers and suppliers. A one-off cost of living payment

was made to all non-Senior Management Team employees during 2022 to ease this concern and we have tried to restrict any price increases this year to only those necessary to ensure that our customers continue to see value for money. We have budgeted for the risk of significant inflation into 2023 and beyond and are still forecasting profits in our business plan. The company has considerable financial resources with cash of £11.1m (2021: £8.3m), no borrowings and, due to the nature of its core business, a secure revenue stream. A net Profit was made of £2.1m (2021: £3.1m), Net Current Assets of £11.3m (2021: £8.7m) and Net Assets of £17.9m (2021: £15.8m). Therefore, the directors believe that the company is well placed to manage its business risks successfully against the background of general uncertainties in economic outlook.

After making enquiries, considering the risks discussed above and reviewing the Business Plan, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of signing the Financial Statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and Financial Statements.

Approved by the Board of Directors and signed on behalf of the Board

J R Purdy
Director
16 March 2023

Registered address: 3rd Floor,
Northumberland House, 303-306 High
Holborn, London, WC1V 7JZ



DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

We have audited the financial statements of Electralink Limited which comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement, the statement of accounting policies, and the related notes.

OPINION

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing

(UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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.

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 course of 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 this gives rise to material misstatement in the financial statements themselves. 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company

operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These include UK Companies Act, pensions legislation, tax legislation.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included regulatory solvency requirements & environmental regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address this are described below:

- The fraud risk has been identified as the potential for revenue to be inappropriately recognised, specifically in relation to Commercial Revenue. We tested the design & implementation of controls in this area, and tested revenue through substantive testing of a sample of the commercial contracts to ensure the revenue recognised is accurate and in accordance with contractual terms and the delivery of services. In addition to these procedures, we have also examined manual adjustments to commercial revenue recorded.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and

other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken 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.



Steven Ringham BA ACA
(Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom
16 March 2023

INCOME STATEMENT

For the year ended 31 December 2022

	Notes	2021 £000	2022 £000
Turnover	4	16,649	15,953
Cost of sales		(1,963)	(1,735)
Gross profit		14,686	14,218
Administrative expenses	5	(10,825)	(11,965)
Operating profit		3,861	2,253
Finance income (net)	6	1	39
Profit before taxation	7	3,862	2,292
Tax on profit	9	(760)	(211)
Profit for the financial year		3,102	2,081

Profit for the financial year is attributable to the equity shareholders of the company.

The company's results are all derived from continuing activities. There are no items of Other Comprehensive Income in addition to the profit stated above, and therefore no separate statement of Other Comprehensive Income is produced.

BALANCE SHEET

For the year ended 31 December 2022

	Notes	2021 £000	2022 £000
Fixed Assets			
Intangible assets	11	6,669	6,714
Tangible assets	12	600	216
		7,269	6,930
Current assets			
Debtors: amounts falling due within one year	14	3,185	3,265
Cash at bank and in hand	15	8,253	11,060
		11,438	14,325
Total Assets		18,707	21,255
Current liabilities			
Creditors: amounts falling due within one year	16	(2,714)	(3,011)
Net current assets		8,724	11,314
Total assets, less current liabilities		15,993	18,244
Provisions	13	(145)	(315)
Net assets		15,848	17,929
Capital and reserves			
Called up share capital	18	1	1
Retained earnings		15,847	17,928
Shareholders' funds		15,848	17,929

The financial statements of ElectraLink Limited, registered number 03271981 were approved by the Board of Directors on 16 March 2023.

Signed on behalf of the Board of Directors

J R Purdy
Director
16 March 2023

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 January 2021	1	12,745	12,746
Profit and total comprehensive income for the financial year	-	3,102	3,102
At 1 January 2022	1	15,847	15,848
Profit and total comprehensive income for the financial year	-	2,081	2,081
At 31 December 2022	1	17,928	17,929

CASH FLOW STATEMENT

For the year ended 31 December 2022

	Notes	2021 £000	2022 £000
Net cash inflow from operating activities	19	4,713	4,022
Cash flows from investing activities			
Interest receivable		1	39
Purchase of intangible assets		(1,996)	(1,192)
Purchase of property, plant and equipment		(24)	(62)
Disposal of property, plant and equipment		9	2
Net cash flow from investing activities		(2,010)	(1,215)
Cash flows from financing activities			
Dividends paid	10	-	-
Net cash flows from financing activities		-	-
Net increase/ (decrease) in cash and cash equivalents		2,703	2,807
Cash and cash equivalents at beginning of year		5,550	8,253
Cash and cash equivalents at end of year	15	8,253	11,060

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

1. GENERAL INFORMATION AND BASIS OF ACCOUNTING

ElectraLink Limited is a private company limited by shares and incorporated in the United Kingdom (England & Wales) under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the company’s operations and its principal activities are set out in the Directors’ report on pages 6 to 11.

As well as the standard United Kingdom regulations, the company operates within License Condition 37 of the Electricity Act 1989 Standard Conditions of the Electricity Distribution Licence.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council.

The functional currency of Electralink Limited is pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2. ACCOUNTING POLICIES

A summary of the principal accounting policies is set out below. They have all been applied consistently throughout the year and to the preceding year.

2.1. GOING CONCERN

The financial statements have been prepared on the going concern basis. The company’s business activities, together with the factors likely to effect it future development and performance are set out in the Strategic Report and Directors report on pages 4 and 6 respectively.

The company continues to develop quarterly forecasts and 3-year Business Plans which incorporate appropriate downside sensitivities in future demand trends discussed in more detail below, which enables the Directors to adjust the overall operating strategy to ensure that the Business remains in a positive position.

The energy price crisis in the United Kingdom is a major event for energy market and ElectraLink is responding across both cost recovery and commercial services. For the CRS we are carefully monitoring debt balances for at risk parties to limit the CRS exposure to retail failure. We are also being mindful of the increase in monopoly service cost increases on DTS users and have limited our service charge increases on this basis. On the commercial side our data products and services facilitate cost reduction within our customers line of business estates and therefore remain in demand. We are also working with the regulator and government to provide additional data services to ensure visibility of market trends and to support the introduction of regulatory interventions.

The cost-of-living crisis that has impacted everyone throughout 2022 and is continuing into 2023 is a further area of concern for our employees as well as our customers and suppliers. A one-off cost of living payment was made to all non-Senior Management Team employees during 2022 to ease this concern and we have tried to restrict any price increases this year to only those necessary to ensure that our customers continue to see value for money. We have budgeted for the risk of significant inflation into 2023 and beyond and are still forecasting profits in our business plan.

The company has considerable financial resources with cash of £11.1m (2021: £8.3m), no borrowings and, due to the nature of its core business, a secure revenue stream. A net Profit was made of £2.1m (2021: £3.1m), Net Current Assets of £11.3m (2021: £8.7m) and Net Assets of £17.9m (2021: £15.8m). Therefore, the directors believe that the company is well placed to manage its business risks successfully against the background of general uncertainties in economic outlook.

After making enquiries, considering the risks discussed above and reviewing the Business Plan, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of signing the Financial Statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and Financial Statements.

2.2. INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at cost, net of amortisation and include software costs unless they are closely related to specific hardware when they are instead capitalised as tangible fixed assets. Internally generated intangible assets are capitalised from the point which the project moves from a research to a development phase.

Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life as follows:

Software	three years
Data asset	three years
EMDH platform**	five years

* Data Asset – software development for delivery of commercial services using the DTS data asset in the EMI Business unit

** EMDH Platform – software development in the public cloud replacing the old DTS platform that was on premises at a supplier – classified as Intangible and with a useful life equal to the support and back-end operation contract.

2.3. TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation on tangible assets is charged to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

DTS asset***	over life of service contract
Leasehold improvements	over life of lease
Fixtures and fittings	three years
Computer equipment	three years

*** DTS Asset – on premises IT platform that makes data transfer base data accessible to provide a range of basic services using transfer data to meet DNO Licence condition 37. During the period ending 2022, the tangible form of the DTS asset was assessed to no longer be in use or providing benefits and as such the remaining amount of depreciation was taken to the profit and loss during the year. The impact of this was £28k that would have been depreciated during the period ending 31 December 2023.

2.4. CASH EQUIVALENTS

Cash equivalents are short-term highly liquid investments, with a maturity period of less than three months from the date of acquisition, that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

2.5. TURNOVER

Turnover is stated net of VAT. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration date. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to the date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of creditors due within one year. All turnover is from the UK for the rendering of services.

2.6. COST OF SALES

Cost of sales represents amounts payable for services received from external network service providers recognised on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

2.7. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restriction on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2.8. RETIREMENT BENEFITS

Electralink has a defined contribution retirement scheme and the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2.9. FINANCE COSTS

Finance costs that are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

2.10. TAXATION

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.11. LEASES

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as lease incentives are similarly spread on a straight line basis over the lease term.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

There are no key sources of estimation uncertainty.

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

3.1. REVENUE RECOGNITION

Turnover is recognised in the period that the service was provided in with the exception of some project turnover which is recognised in profit or loss based on the stage of completion of the services at the end of the reporting period, and therefore requires management judgement as to the stage of completion at the period end.

3.2. USEFUL LIFE OF PROPERTY PLANT AND EQUIPMENT

The Company reviews the estimated useful lives of its tangible and intangible assets annually at the end of each reporting period. During the year, the Company assessed the useful lives of its assets and concluded that the period adopted in prior years reasonably represents the average useful life of the Company's assets and should be maintained.

3.3. CAPITALISATION OF PROJECT COSTS

Project costs are capitalised based on the costs incurred to acquire and bring to use the specific asset being developed. Depending on the nature of the expense and its impact on the use of the asset, direct expenditure which enhances or extends the performance of an asset beyond its specifications, and which can be reliably measured, is recognised as a capital improvement, and added to the original cost of the capitalised asset. Judgment is applied as to the continuing or future benefits that will be associated with project assets, including turnover. These assets are therefore assessed for impairment at each balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

4. TURNOVER

	2021 £000	2022 £000
Data Transfer Service	8,453	8,950
Commercial	8,196	7,003
	16,649	15,953

Turnover is derived from the principal activities of the business, and has all been generated in the UK

5. ADMINISTRATIVE EXPENSES

	2021 £000	2022 £000
Staff costs (net of capitalisation)	7,476	7,896
IT costs	864	1,024
Professional fees	539	436
Marketing costs	18	132
Depreciation and amortisation (Note 11 and 12)	1,084	1,593
Accommodation and other overheads	844	884
	10,825	11,965

6. FINANCE INCOME(NET)

	2021 £000	2022 £000
Interest receivable and similar income	1	39
	1	39

Interest receivable is generated from short-term cash deposits and late payment interest charges on accounts receivables.

7. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	2021 £000	2022 £000
Amortisation of intangible assets (note 11)	696	1,256
Depreciation of tangible assets (note 12)	388	337
Operating lease rentals	368	304
The analysis of the auditors' remuneration is as follows:		
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts	68	84
Fees payable to the company's auditor and their associates for other services to the company		
- Assurance services	12	12
- Taxation compliance services	21	-
- Research and development tax claims review services	70	-

8. STAFF COSTS

Employee costs (excluding executive and non-executive directors' costs) during the year amounted to:

	2021 £000	2022 £000
Employee costs		
Wages and salaries	5,664	6,294
Social security costs	562	592
Pension costs	534	514
	6,760	7,400

From January 2020, the company operates a workplace pension scheme. Contributions for the workplace pension scheme are made by the employer at the prescribed rate, and additional voluntary contributions are matched to a maximum company contribution per employee of 8%. This is accounted for as a defined contribution scheme under FRS 102:28. The outstanding balance at year-end was £Nil (2021: £Nil).

The average number of persons directly employed by the company during the year was as follows:

	2021 No.	2022 No.
Managerial, technical and administration staff	89	82

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

8. STAFF COSTS (CONTINUED)

Directors' remuneration

The remuneration in respect of directors was as follows:

	2021 £000	2022 £000
Directors' remuneration		
Emoluments (excluding pension contributions)	672	528
Contribution to defined contribution scheme	18	14
	690	542
	2021 No.	2022 No.
Number of directors who are members of defined contribution scheme	1	1

Remuneration of the highest paid director

	2021 £000	2022 £000
Emoluments	431	335
Contribution to defined contribution scheme	15	14
	446	349

During the year, the company paid a total of £54k (2021: £64k) to shareholder companies for the provision of services of directors (see note 21).

9. TAX ON PROFIT

The tax charge comprises:

	2021 £000	2022 £000
Current tax on profit		
Current tax on profit		
UK corporation tax	716	475
Adjustment in respect of prior periods	(83)	(284)
Total current tax	633	191
Deferred tax		
Origination and reversal of timing differences	5	(17)
Deferred tax prior year adjustment	122	37
Total deferred tax (note 13)	127	20
Total tax on profit	760	211

The standard rate of tax applied to reported profit is 19 per cent (2020: 19 per cent). Legislation have been introduced in Finance Bill 2021 to set the main rate of corporation tax at 25% from 2023 which will apply to profits above £250,000 and introduce a small profits rate of 19% for profits below £50,000. During the year beginning 1 January 2021, the net reversal of deferred tax assets and liabilities is expected to increase the corporation tax charge for the year by £39.

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

	2021 £000	2022 £000
Profit before tax	3,862	2,292
Tax charge on profit at standard UK corporation tax rate of 19% (2021: 19%)	734	435
Effect of:		
Expenses not deductible for tax purposes	5	1
Eligible deductions		
Adjustment to tax charge in respect of previous periods	40	(247)
Adjustment to tax charge in respect of RDEC	13	-
Timing differences	(76)	(18)
Adjustments due to tax rate changes	44	40
Total tax charge for period	760	211

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

10. DIVIDENDS PAID AND DECLARED

Equity shares	2021 £000	2022 £000
Interim dividend declared and paid of £Nil (2020: £Nil) per ordinary share	-	-

11. INTANGIBLE ASSETS

	Software £000	EMDH Platform £000	Data Asset £000	Asset under construction £000	Total £000
Cost					
At 1 January 2022	1,174	2,410	139	4,000	7,723
Additions	59	17	-	1,116	1,192
Transfer	(33)	209	-	33	209
Asset brought into service	1,144	3,670	-	(4,814)	-
Disposals	-	-	(139)	-	(139)
At 31 December 2022	2,344	6,306	-	335	8,985
Accumulated amortisation					
At 1 January 2022	(437)	(478)	(139)	-	(1,054)
Charge for the year	(405)	(851)	-	-	(1,256)
Transfer	19	(119)	-	-	(100)
Disposals	-	-	139	-	139
At 31 December 2022	(823)	(1,448)	-	-	(2,271)
Net book value					
At 31 December 2021	737	1,932	-	4,000	6,669
At 31 December 2022	1,521	4,856	-	335	6,714

As at 31 December 2022, there were intangible assets under construction totalling £0.3m (2021: £4m). These amounts relate to the development of the EMI Transformation project, DTN API and the EMPRIS Phase 2b project, which are due to be completed in 2023.

During the year to 31 December 2022, the EMPRIS phase 2A project and the CSS Connect Adaptor Service was completed and converted from Assets under Construction to a functional asset, these two assets totalled £4.3m. The total value of the assets brought into service was £4.8m. The assets will be amortised over a period of 5 years, starting in mid to late 2022.

During the year 31 December 2022, the Flowbuilder asset was transferred from Tangibles: DTS Assets into Intangibles: EMDH with a net book value of £109k. This transfer was made in order to better reflect the intangible nature of the asset.

12. TANGIBLE FIXED ASSETS

	DTS Asset £000	Leasehold improve- ments £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost					
At 1 January 2022	3,656	289	128	635	4,708
Additions	-	-	-	62	62
Transfer	(209)	-	-	-	(209)
Disposals	(3,447)	-	-	(8)	(3,455)
At 31 December 2022	-	289	128	689	1,106
Accumulated depreciation					
At 1 January 2022	(3,291)	(121)	(122)	(574)	(4,108)
Transfer	100	-	-	-	100
Charge for the year	(256)	(30)	(2)	(49)	(337)
Disposals	3,447	-	-	8	3,455
At 31 December 2022	-	(151)	(124)	(615)	(890)
Net book value					
At 31 December 2021	365	168	6	61	600
At 31 December 2022	-	138	4	74	216

During the year to 31 December 2022, an asset under DTS asset with a net book value of £109K was transferred to Intangibles: EMDH. The remaining tangible DTS Assets were written off as they are longer in use.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

13. PROVISIONS

	Long term incentive plan £000	Deferred tax £000	Total £000
At 1 January 2021	-	(145)	(145)
Charged to the income statement	(150)	(20)	(170)
Released/Utilised in the year	-	-	-
At 31 December 2022	(150)	(165)	(315)

The provision for the long-term incentive plan relates to an incentive scheme implemented during the year end 31 December 2022 and offered by the company to certain members of key management. Payments under the scheme accumulate over a 3 year period and are determined based on the performance of the business during the period to 31 December 2024. The liability under the scheme is paid out over the following 3 years after the initial 3 year vesting period. As a result, the first payment under the scheme is anticipated in the year ended 31 December 2025.

Deferred Tax Liability	Total £000
Company	
At 1 January 2021	(127)
Charged to profit and loss account	(18)
At 31 December 2021	(145)
Charged to profit and loss account	(20)
At 31 December 2022	(165)

Deferred tax is provided as follows:

	2021 £000	2022 £000
Accelerated capital allowance	(23)	(192)
Adjustment in respect of previous periods	(122)	-
Other timing differences	-	27
Deferred tax (liability)/asset	(145)	(165)

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company

Legislation has been introduced in the Finance Bill 2022 to set the main rate of corporation tax at 25% effective from 2023 which will apply to profits above £250,000 and introduce a small profits rate of 19% for profits below £50,000. The deferred tax balances are calculated based on the rate of 25% in line with this.

There is no expiry date on timing differences, unused tax losses or tax credits.

14. DEBTORS

	2021 £	2022 £
Amounts falling due within one year:		
Trade debtors	1,702	1,660
Amounts due from shareholders (note 21)	14	125
Accrued income	1,151	1,295
Other debtors	10	26
Prepayments	308	159
	3,185	3,265

15. CASH AND CASH EQUIVALENTS

	2021 £000	2022 £000
Cash at bank and in hand	8,253	11,060
	8,253	11,060

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £000	2022 £000
Trade creditors	459	245
Payroll creditor	647	807
VAT creditor	515	206
Other creditors	744	131
Amounts owed to shareholders (note 21)	64	56
Accruals and deferred income	285	1,566
	2,714	3,011

17. FINANCIAL INSTRUMENTS

The carrying value of the company's financial assets and liabilities are summarised by category below:

	2021 £000	2022 £000
Falling due within one year		
Financial assets		
Measured at undiscounted amount receivable		
- Trade and other debtors	1,712	1,686
- Amounts due from shareholders	14	125
	1,726	1,811
Financial Liabilities		
Measured at undiscounted amount payable		
- Trade and other creditors	1,203	376
- Amounts owed to shareholders	64	56
	1,267	432

The company's income, expense and gains and losses in respect of financial instruments are summarised below:

	2021 £000	2022 £000
Interest income and expense		
Total interest income for financial assets at amortised cost	1	39

18. CALLED UP SHARE CAPITAL

	2021 £000	2022 £000
Called up, allotted and fully paid:		
10,001 ordinary shares of 10p each	1	1

19. CASH FLOW STATEMENT

Reconciliation of operating profit to cash generated by operations

	2021 £000	2022 £000
Operating profit	3,861	2,253
Adjustment for:		
LTIP provision	-	150
Depreciation	388	337
Amortisation	696	1,256
Operating cash flow before movement in working capital	4,945	3,996
Decrease/(Increase) in debtors	144	32
(Decrease)/Increase in creditors	(107)	614
Decrease in shareholder net trade receivables	16	(119)
Cash generated by operations	4,998	4,522
Tax paid	(285)	(500)
Net Cash flows from operating activities	4,713	4,022

The company does not have any debt at the end of the financial year (2021: £Nil)

Net debt reconciliation

	1 January 2022 £000	Cash gen- erated by operations £000	Other cash flows £000	31 December 2021 £000
Cash at bank and in hand	8,253	4,522	(1,715)	11,060

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

20. FINANCIAL COMMITMENTS

Total future lease payments under non-cancellable operating leases are as follows:

	2021		2022	
	Plant and equipment £000	Other £000	Plant and equipment £000	Other £000
Total payments				
- one year	5	312	5	244
- between two and five years	7	903	2	947
- later than five years	-	126	-	-

Other commitments relate to the lease of the company's corporate offices and the employee electric vehicle benefit scheme (new to 2022).

21. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTIES

The company is owned by the 14 Electricity Distribution Licence Holder companies in England, Scotland and Wales with a distribution services area specified in their licence, each of whom owns less than 10% of the share capital. The company provides data transfer and governance services to its shareholders and to other parties.

There is no ultimate controlling party.

Shareholder	Number of shares	Shareholding percentage %
Eastern Power Networks plc	977	9.77
Electricity North West Ltd	782	7.82
London Power Networks plc	749	7.49
Northern Powergrid (Northeast) plc	619	6.19
Northern Powergrid (Yorkshire) plc	717	7.17
Scottish Hydro Electric Power Distribution plc	489	4.89
South Eastern Power Networks plc	749	7.49
Southern Electric Power Distribution plc	879	8.79
SP Distribution plc	717	7.17
SP Manweb plc	619	6.19
National Grid Electricity Distribution (East Midlands) Plc	782	7.82
National Grid Electricity Distribution (South Wales) Plc	521	5.21
National Grid Electricity Distribution (South west) Plc	619	6.19
National Grid Electricity Distribution (West Midlands) Plc	782	7.82
	10,001	100.00

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

21. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTIES (CONTINUED)

Year-end balances due from each of its shareholders are as follows (notes 14 and 16):

Related party	2021 £000	2022 £000
Eastern Power Networks plc	-	-
South Eastern Power Networks plc	-	-
London Power Networks	-	-
UK Power Networks Ltd	-	-
Electricity North West Limited	-	2
Northern Powergrid (Northeast) plc	3	2
Northern Powergrid (Yorkshire) plc	2	2
Northern Powergrid Metering Limited	-	13
Scottish Hydro Electric Power Distribution plc	-	-
Southern Electric Power Distribution plc	-	2
SSE Energy Supply Limited	-	-
SP Distribution plc	-	-
SP Manweb plc	-	-
Scottish Power UK Ltd	-	52
Scottish & Southern Energy Power Distribution Ltd	-	3
Scottish Power Energy Retail Limited	-	3
Scottish Power Energy Retail	-	-
Scottish Hydro Electric Power Plc	-	37
National Grid Electricity Distribution (East Midlands) Plc	2	2
National Grid Electricity Distribution (South Wales) Plc	2	2
National Grid Electricity Distribution (South West) Plc	3	3
National Grid Electricity Distribution (West Midlands) Plc	2	2
	14	125

Trading with shareholders throughout the year was undertaken in the normal course of business, with all charges made on the same basis as other users of the same services. The aggregate value of revenue derived from shareholders in 2022 was £1.1m (2021: £0.1m).

21. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTIES (CONTINUED)

Fees, including reimbursement of expenses paid to third parties in respect of directors' services:

	2021 £000	2022 £000
Northern Powergrid (Northeast) plc	27	29
UK Power Networks	22	2
National Grid (South West) plc	15	23
	64	54

There are no key management personnel, other than the directors.

Amounts outstanding at the balance sheet date due to related parties totalled £56k.

22. EVENTS AFTER BALANCE SHEET DATE

There have been no significant events after the balance sheet date that would have a material impact on these financial statements.