Registered number:
03271981

ELECTRALINK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

ELECTRALINK LIMITED

COMPANY INFORMATION

Directors	S E Anderson N J Bessant P R Bircham J Cardwell P Denniff S Georgiopoulos T A Pitcher J R Purdy D Hopkinson
Officers	G Drake
Registered number	03271981
Registered office	Northumberland House 303 - 306 High Holborn London WC1V 7JZ
Independent auditors	Deloitte LLP Statutory Auditor Abbotts House Abbey Street Reading RG1 3BD
Bankers	HSBC plc 60 Queen Victoria Street London EC4N 2HS
Solicitors	Herbert Smith Freehills LLP Exchange house Primrose Street London EC2A 2HS

ELECTRALINK LIMITED

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INTRODUCTION BY CHAIRMAN FOR THE YEAR ENDED 31 DECEMBER 2023

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 satisfactory financial performance. Over the last 12 months, ElectraLink has maintained its position and invested in staff and capacities to set us up for the future in what continued to be a very challenging market environment, including higher energy prices resulting in less competition between suppliers.

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 ongoing strategy of providing a no consideration Data Transfer Service ("DTS") whilst embedding a Data First approach, gained momentum during 2023 with further builds to our innovation capability enabling 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. 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 further real improvement of staff retention in 2023 as well as the high quality of new joiners through the year, a confirmation of an attractive employment offering and work culture especially the successful introduction of 4-day work week. 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 was pleased to resume payment of dividends with an interim dividend payment for 2023 of £1m (2022: £nil), in line with our Business Plan. We maintain a strong balance sheet with year-end working capital of £11.3m (2022: £11.3m) and an aggregate £11.4m (2022: £11.1m) 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, which 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 2024 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

DocuSigned by:
Jonathan Purdy
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Date 21 March 2024

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

Business Review

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 £19.04m (2022: £17.93m) and working capital is £11.31m (2022: £11.31m). The company had aggregate cash at bank and cash investments of £11.38m (2022: £11.06m).

Overall, the company generated £18.30m of turnover (2022: £15.95m) and £2.52m (2022: £2.25m) operating profit before interest and taxes (EBIT), with a net profit margin of 12% (2022: 13%) reflecting:

- The financial performance of the Data Transfer Service ("DTS") due to growing traffic and more productive relationships with our key suppliers.
- The continuing growth of our commercial businesses.
- Continued 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 2023 included further 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.

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 2023, the company has managed DTS operating expenses effectively whilst accommodating continued traffic growth. During 2023 total traffic volume on the DTS grew by 8.9% (2022: 8.5%).

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 2023, 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.
- People investment is measured through results of staff surveys.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Principal risks and uncertainties

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 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 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.

DocuSigned by:
Jonathan Purdy
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J R Purdy
Director
Date 21 March 2024

Registered Company address: Northumberland House 303 - 306 High Holborn London WC1V 7JZ

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2023.

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.

Results and dividends

The profit for the year, after taxation, amounted to £2,105,537 (2022: £2,080,652)
The results for the year ended 31 December 2023 are set out on pages 14 to 34.
An interim dividend of £1,000,100 was paid out during the year (2022: £Nil).
The directors do not recommend the payment of a final dividend (2022: £Nil).

Directors

The Directors who served during the year were:

Stephanie Anderson
Nigel Bessant
Paul Bircham
Paul Denniff
Sotiris Georgiopoulos (appointed 9 May 2023)
Dan Hopkinson
Tracey Pitcher
Jonathan Purdy
Harvey Jones (resigned 29 September 2023)

Political contributions

No political contributions or donations were made during the year ended 31st December 2023 (2022: £nil).

Financial risk management objective 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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

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 considered before the contract is entered into. Payment history and adhering to payment terms are managed closely with an ageing report 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.

Going concern

The financial statements have been prepared on the going concern basis. The company's business activities, together with the factors likely to affect its future development and performance are set out in the Strategic Report and Directors' report on pages 4 and 7 respectively.

The company continues to develop quarterly forecasts and 5-year Business Plans which incorporate appropriate downside sensitivities in future demand trends, which enables the Directors to adjust the overall operating strategy to ensure that the Business remains in a positive position. The Company is forecasting to be profitable and cash generative under all scenarios.

The energy price crisis in the United Kingdom is slowly entering recovery and we have not been seeing any further impacts on our debt or other risk albeit stunting some of our expected growth expectations. We continue to be 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 into 2023 has been a further area of concern for our employees as well as our customers and suppliers. We have restricted any price increases over the past two years to only those necessary to ensure that our customers continue to see value for money. We have budgeted for the risk of inflation remaining above the Bank of England target into 2024 and beyond and are still forecasting profits in our business plan.

The company has considerable financial resources with cash of £11.4m (2022: £11.1m), no borrowings and, due to the nature of its core business, a secure revenue stream. Net Profit of £2.1m was delivered (2022: £2.1m), Net Current Assets of £11.3m (2022: £11.3m) and Net Assets of £19.0m (2022: £17.9m). 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.

Future developments

Future development disclosures are set out in the Strategic report on page 3-4 and form part of this report by cross reference.

Engagement with employees

ElectraLink takes employee engagement very seriously and we aim to be a best-in-class employer with a culture that every ElectraLink employee can be proud of. We ensure this is the case by conducting an employee survey at least once a year with an external provider, Best Companies. This approach safeguards our employee's confidentiality, so we know the feedback we receive is genuine, but also importantly allows us to benchmark ourselves against a broad range of other companies in the UK. In 2023, we achieved a Best Companies score of 701.9 (out of a possible 900) which represents 45.1-point increase against the previous year but also means we are now a two star company (out of a possible 3) so are considered by Best Companies to be an 'Outstanding Company to Work for'. This score is taken into consideration as part of our KPI assessment (refer to Strategic Report page 3 Key Performance Indicators).

Electralink is open to the employment of disabled employees:

- by giving full and fair consideration to applications for employment by the company made by disabled persons, having regard to their particular aptitudes and abilities;
- the employment would continue of, and appropriate training arranged for, employees of the company who have become disabled persons during the period when they were employed by the company; and
- otherwise for the training, career development and promotion of disabled persons employed by the company.

Equity, Diversity and Inclusion

- The company operates in increasingly diverse communities and draws colleagues from different ethnic backgrounds, faiths and orientations. We seek to improve the diversity at all levels in the company and consider it important that we reflect the diversity of the community and people we serve.
- We have an equity, diversity and inclusion forum and senior members of staff are active representatives at the cross industry group, Tackling Inclusion & Diversity in Energy (TIDE).

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 an Independent Non-Executive Chairman, eight 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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 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.

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 use1: electricity, gas, transport: 2023: 80,346 kwh (2022: 88,292 kwh)
- Associated GHG emissions: 2023: 17,258 kg co2e (2022: 14,943 co2e)
- Emissions intensity metric of total Co2e per turnover: 2023: 188 t/CO2e is equal to 0.000010t per £ turnover (2022: 164 t/co2e is equal to 0.000010t per £ turnover)

Electralink is an office-based company, we do not have any emissions for activities not for our own use. For any residual emissions an offsetting certificate was obtained to achieve net zero in the current year.

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

Key action and initiatives that are impacting ElectraLink's carbon footprint are: Continued support of energy efficient products and systems for all staff, moving to a 4-day working week and selection of environmentally positive suppliers and service providers.

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.

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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Statement of corporate governance arrangements

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.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

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

Auditors

Following the completion of the financial statements for the year ended 31 December 2023, Deloitte LLP will not be seeking reappointment as auditor to the company. PKF Littlejohn LLP will be appointed to office as auditor from next year and a resolution to appoint them will be proposed at the forthcoming Annual General Metting.

This report was approved by the board on 21 March 2024 and signed on its behalf.

DocuSigned by:
Jonathan Purdy
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J R Purdy
Director

Registered Company address: Northumberland House 303 - 306 High Holborn London WC1V 7JZ

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELECTRALINK LIMITED

Opinion

In our opinion the financial statements of Electralink Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 31 December 2023 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 related notes 1 to 24.

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 Financial Reporting Council's (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 a 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELECTRALINK LIMITED (CONTINUED)

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 FRC'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, including those that are specific to the company's business sector

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 included UK Companies Act, pensions legislation, tax legislation; and
- 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, Health & Safety regulations, Employment law, Bribery Act and General Data Protection Regulation (GDPR).

We discussed among the audit engagement team including relevant internal specialists such as tax, 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 procedures performed to address it are described below:

- Commercial revenue recognition - The fraud risk has been identified as the potential for revenue to be incorrectly recognised, specifically in relation to Commercial Revenue. Our procedures to respond to this risk include obtaining an understanding of the processes and controls management have in place in order to calculate, process, record and monitor commercial revenue recognised. We also tested commercial revenue by selecting a sample of the commercial contracts and recalculating the revenue to

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELECTRALINK LIMITED (CONTINUED)

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 to ensure that these are valid and not subject to management bias or override

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 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 and the directors' report.

Matters on which we are required to report by exception[1]
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

Steven Ringham ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom

21 March 2024

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Turnover	4	18,300	15,953
Cost of sales		(2,437)	(1,735)
Gross profit		15,863	14,218
Administrative expenses	5	(13,345)	(11,965)
Operating profit	6	2,518	2,253
Interest receivable and similar income	9	255	39
Profit before tax		2,773	2,292
Tax on profit	10	(667)	(211)
Profit for the financial year		2,106	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
AS AT 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Fixed Assets			
Intangible assets	12	7,776	6,714
Tangible assets	13	216	216
		7,992	6,930
Current assets			
Debtors: amounts falling due within one year	14	4,201	3,265
Cash at bank and in hand	15	11,375	11,060
		15,576	14,325
Total Assets		23,568	21,255
Current liabilities			
Creditors: amounts falling due within one year	16	(4,270)	(3,011)
Net current assets		11,306	11,314
Total assets, less current liabilities		19,298	18,244
Provisions	19	(263)	(315)
Net assets		19,035	17,929
Capital and reserves			
Called up share capital	20	1	1
Retained earnings		19,034	17,928
Shareholders' funds		19,035	17,929

The financial statements of ElectraLink Limited, registered number 03271981 were approved by the Board of Directors on 21 March 2024.

Signed on behalf of the Board of Directors

DocuSigned by:
Jonathan Purdy
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J R Purdy
Director

The notes on pages 18 to 34 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2022	1	15,847	15,848
Profit and total comprehensive income for the financial year	-	2,081	2,081
At 1 January 2023	1	17,928	17,929
At 1 January 2023	1	17,928	17,929
Comprehensive income for the year			
Profit and total comprehensive income for the financial year	-	2,106	2,106
Dividends	-	(1,000)	(1,000)
At 31 December 2023	1	19,034	19,035

The notes on pages 18 to 34 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Profit for the financial year	6	2,106	2,081
Adjustments for:			
Amortisation of intangible assets	12	1,845	1,256
Depreciation of tangible assets	13	88	337
Interest receivable	9	(255)	(39)
Taxation charge	10	667	211
(Increase)/decrease in debtors	14	(789)	32
(Increase)/decrease in amounts owed by shareholders	14	(148)	-
Increase in creditors	16	865	613
Increase/(decrease)) in amounts owed to shareholders	16	67	(119)
Increase in provisions	19	38	150
Corporation tax (paid)		(429)	(500)
Net cash generated from operating activities		4,055	4,022
Cash flows from investing activities			
Purchase of intangible fixed assets	12	(2,938)	(1,192)
Refund of historic Intangible Asset Purchases	12	31	-
Purchase of tangible fixed assets	13	(88)	(62)
Interest received	9	255	39
Net cash from investing activities		(2,740)	(1,215)
Cash flows from financing activities			
Dividends paid	11	(1,000)	-
Net cash used in financing activities		(1,000)	-
Net increase in cash and cash equivalents		315	2,807
Cash and cash equivalents at beginning of year	15	11,060	8,253
Cash and cash equivalents at the end of year		11,375	11,060
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		11,375	11,060
		11,375	11,060

The notes on pages 18 to 34 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. General information

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 1. The nature of the company's operations and its principal activities are set out in the Directors' report on pages 5 to 9.

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 7 respectively.

The company continues to develop quarterly forecasts and 5-year Business Plans which incorporate appropriate downside sensitivities in future demand trends, which enables the Directors to adjust the overall operating strategy to ensure that the Business remains in a positive position. The Company is forecasting to be profitable and cash generative under all scenarios.

The energy price crisis in the United Kingdom is slowly entering recovery and we have not been seeing any further impacts on our debt or other risk albeit stunting some of our expected growth expectations. We continue to be 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 into 2023 has been a further area of concern for our employees as well as our customers and suppliers. We have restricted any price increases over the past two years to only those necessary to ensure that our customers continue to see value for money. We have budgeted for the risk of inflation remaining above the Bank of England target into 2024 and beyond and are still forecasting profits in our business plan.

The company has considerable financial resources with cash of £11.4m (2022: £11.1m), no borrowings and, due to the nature of its core business, a secure revenue stream. Net Profit of £2.1m was delivered (2022: £2.1m), Net Current Assets of £11.3m (2022: £11.3m) and Net Assets of £19.0m (2022: £17.9m). 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. Accounting policies (continued)

2.2 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.

2.3 Cost of sales

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

2.4 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.

2.5 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.

2.6 Intangible assets

Intangible fixed assets are stated at cost, net of amortisation and include software costs unless they are critical 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 research to development phase.

Assets under construction are those that include projects which span across more than one period. These assets are not yet ready for use and no amortisation is applied until the asset becomes live and transfers into an intangible asset.

Amortisation is provided on all intangible fixed assets 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:

Software	3	years
Data Asset*	3	years
EMDH platform**	5	years

Assets under construction are those that include projects which span across more than one period. These assets are not yet ready for use and no amortisation is applied until the asset becomes live and transfers into an intangible asset.

* 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 – classified as Intangible and with a useful life equal to the support and back-end operation contract.

2.7 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.

2. Accounting policies (continued)

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:

Leasehold improvements	over life of lease
Fixtures and fittings*	three years
Computer equipment	three years

* Fixtures and fittings specifically relating to non-leasehold space are depreciated over the expected life of the contract of the space in which they are located.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Cash and 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.

2.9 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.10 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.

2.11 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.

2. Accounting policies (continued)

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.

2.12 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.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. Judgments in applying accounting policies 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.

The following are key sources of estimates 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.

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 estimation as to the stage of completion at the period end. At the year end the company compares the costs incurred to date, on each individual project, to the estimate of the cost to complete, in order to determine the proportion of revenue to recognise. The estimate of cost to complete can vary as each project advances, and therefore this has an impact of the revenue recognised.

Useful life of fixed assets
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. The company currently estimates the useful life of its intangible software assets at between 3 and 5 years. However, with the speed of advancements in technology, the useful life of software assets can vary therefore this is an area of estimation. If the existing estimated life of the company's software assets was to reduce by a year it would give rise to a further £0.7m in amortisation cost to the company. £0.2m relates to assets underpinning the value of the DTS, and a further £0.5m relates to software utilised within commercial contracts.

The following is a critical judgement 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

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 2023

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £000	2022 £000
Data transfer service	9,748	8,950
Commercial	8,552	7,003
	18,300	15,953

All turnover arose within the United Kingdom.

5. Administrative expenses

	Notes	2023 £000	2022 £000
Staff costs (net of capitalisation)		8,834	7,896
IT costs		1,192	1,024
Professional fees		285	436
Marketing costs		157	132
Depreciation and amortisation	12 & 13	1,933	1,593
Accommodation and other overheads		944	884
		13,345	11,965

6. Operating profit

The operating profit is stated after charging:

	Notes	2023 £000	2022 £000
Amortisation of intangible assets	12	1,845	1,256
Depreciation of tangible assets	13	88	337
Fees payable to the company's auditor for the audit of the company's annual accounts		88	84
Fees payable to the company's auditor for assurance services to the company		19	12
Operating lease rentals relating to buildings		308	304
Operating lease rentals relating to vehicles		91	10

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. Staff Costs

Employee costs, including directors, during the year amounted to:

	2023 £000	2022 £000
Wages and salaries	7,551	6,294
Social security costs	688	592
Pension costs	642	514
	8,881	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 total outstanding balance at year-end was £70k (2022: £Nil).

The average monthly number of employees, including the Directors, during the year was as follows:

	2023 No.	2022 No.
Managerial, technical and administration staff	94	82

8. Directors' remuneration

	2023 £000	2022 £000
Directors' emoluments	613	528
Company contributions to defined contribution pension schemes	18	14
	631	542

During the year retirement benefits were accruing to 1 Director (2022: 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £383k (2022: £335k).

During the year, the company paid a total of £63k (2022: £54k) to shareholder companies for the provision of services of directors (see note 23).

Amounts accruing to Directors under the Long-Term Incentive Plan are a total of £47k.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. Interest receivable and similar income

	2023 £000	2022 £000
Other interest receivable	255	39
	255	39

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

10. Taxation on profit

	2023 £000	2022 £000
Corporation tax		
Current tax on profits for the year	708	474
Adjustments in respect of previous periods	49	(283)
Total current tax	757	191
Deferred tax		
Origination and reversal of timing differences	(57)	(17)
Deferred tax prior year adjustments	(33)	37
Total deferred tax	(90)	20
Total tax on profit	667	211

10. Taxation on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022: lower than) the standard rate of corporation tax in the UK of 23.5% (2022: 19%). The differences are explained below:

	2023 £000	2022 £000
Profit on ordinary activities before tax	2,773	2,292
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.5% (2022: 19%)	652	435
Effects of:		
Expenses not deductible for tax purposes	7	1
Adjustments to tax charge in respect of prior periods	16	(247)
Capital allowances permanent differences	(4)	-
Other differences leading to an increase (decrease) in the tax charge	(4)	40
Adjustment in tax charge in respect of RDEC	-	18
Total tax charge for the year	667	211

The standard rate of tax applied to reported profit is 23.5% per cent (2022: 19%). Legislation was introduced in the Finance Bill 2022 to set the main rate of corporation tax at 25% from April 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 2024 the net reversal of deferred tax assets and liabilities is expected to increase the corporation tax charge for the year by £33k.

11. Dividends

	2023 £000	2022 £000
Equity shares		
Interim dividend declared and paid for the year ending 31 December 2023 (£100 price per share)	1,000	-

12. Intangible assets

	Assets under construction £000	Software £000	EMDH Platform £000	Total £000
Cost				
At 1 January 2023	335	2,344	6,306	8,985
Additions	2,938	-	-	2,938
Transfers	-	4	(4)	-
Assets brought into service	(1,209)	1,074	135	-
Disposals[1]	-	(31)	-	(31)
At 31 December 2023	2,064	3,391	6,437	11,892
Amortisation				
At 1 January 2023	-	823	1,448	2,271
Charge for the year	-	572	1,273	1,845
On disposals	-	-	-	-
At 31 December 2023	-	1,395	2,721	4,116
Net book value				
At 31 December 2023	2,064	1,996	3,716	7,776
At 31 December 2022	335	1,521	4,858	6,714

As at 31 December 2023, there were intangible assets under construction totalling £2.1m (2022: £0.3m). These amounts include the development of the EMI Transformation project phase 2, EMPRIS Commercial, DTN API and the DIP Adaptor. All of these projects are due to be completed during 2024.

During the year to 31 December 2023, the EMI Transformation project phase 1, the DCC Adaptor and work on the EMI API platform was completed and converted from Assets under Construction to a functional asset, these three assets totalled 1.0m. The total value of the assets brought into service was £1.2m. The assets will be amortised over a period of 5 years, starting mid to end 2023.

[1] Computer software was purchased in 2022 but not yet brought into use and therefore not amortised. The purchase was not fit for purpose and a refund was received during 2023.

13. Tangible fixed assets

	Long-term leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 January 2023	289	128	689	1,106
Additions	-	14	74	88
Disposals	-	(7)	-	(7)
At 31 December 2023	289	135	763	1,187
Depreciation				
At 1 January 2023	151	124	615	890
Charge for the year on owned assets	30	7	51	88
On Disposals	-	(7)	-	(7)
At 31 December 2023	181	12	666	971
Net book value				
At 31 December 2023	108	11	97	216
At 31 December 2022	138	4	74	216

14. Debtors

	Notes	2023 £000	2022 £000
Trade debtors		2,096	1,660
Amounts owed by shareholders	23	273	125
Other debtors		28	26
Prepayments		351	159
Accrued income		1,453	1,295
		4,201	3,265

15. Cash and cash equivalents

	1 January 2023 £000	Cash generated by operations £000	Other cash flows £000	31 December 2023 £000
Cash at bank and in hand	11,060	4,054	(3,739)	11,375

There is a bank guarantee of £30k over Electralink on behalf of the Board of Directors of DCUSA Limited to secure the service delivery that Electralink perform on behalf of DCUSA Limited. It can be called upon in the event of service failure.

16. Creditors: Amounts falling due within one year

	Notes	2023 £000	2022 £000
Trade creditors		530	245
Amounts owed to Shareholders	23	123	56
Corporation tax		533	206
Other taxation and social security		596	807
Other creditors		105	131
Accruals		1,703	1,412
Deferred income		680	155
		4,270	3,011

17. Financial instruments

	2023 £000	2022 £000
Financial assets		
Measured at undiscounted amount payable		
Trade and other debtors	2,124	1,686
Amounts due from shareholders	273	125
	2,397	1,811
Financial liabilities		
Measured at undiscounted amount payable		
Trade and other creditors	635	376
Amounts owed to shareholders	123	56
	758	432

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

	2023 £000	2022 £000
Interest income and expense		
Total interest income for financial assets at amortised cost	255	39

18. Deferred taxation

	2023 £000
At beginning of year	(165)
Charged to the income statement	90
At end of year	(75)

The deferred taxation balance is made up as follows:

	2023 £000	2022 £000
Capital allowances lower than depreciation	23	-
S1308 R&D timing differences	(154)	(192)
Other timing differences	56	27
	(75)	(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.

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

19. Provisions

	Long term incentive plan £000	Deferred Tax £000	Total £000
At 1 January 2023	(150)	(165)	(315)
Charged to the income statement	(38)	90	52
At 31 December 2023	(188)	(75)	(263)

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.

20. Share capital

	2023 £000	2022 £000
Allotted, called up and fully paid		
10,001 (2022: 10,001) Ordinary shares of £0.10 each	1	1

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £0.6m (2022: £0.5m). Contributions totalling £0.07m (2022: £nil) were payable to the fund at the balance sheet date and are included in creditors.

22. Commitments under operating leases

At 31 December 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023		2022	
	Buildings	Other	Buildings	Other
	£000	£000	£000	£000
Total payments				
- one year	356	114	208	41
- between two and five years	704	190	854	95
- later than five years	-	-	-	-
	1,060	304	1,062	136

Other commitments predominantly relate to the employee electric vehicle benefit scheme.

23. Related party transactions

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.

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

23. Related party transactions (continued)

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

Related party	2023 £000	2022 £000
Eastern Power Networks plc	-	-
South Eastern Power Networks plc	-	-
London Power Networks	-	-
UK Power Networks Ltd	3	-
Electricity North West Limited	6	2
Northern Powergrid (Northeast) plc	3	2
Northern Powergrid (Yorkshire) plc	2	2
Northern Powergrid Metering Limited	23	13
Scottish Hydro Electric Power Distribution plc	-	-
Southern Electric Power Distribution plc	-	2
SSE Energy Supply Limited	84	-
SP Distribution plc	51	-
SP Manweb plc	-	-
Scottish Power UK Ltd	48	52
Scottish & Southern Energy Power Distribution Ltd	4	3
Scottish Power Energy Retail Limited	11	3
National Grid Electricity Distribution PLC	29	-
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
	273	125

Trading with shareholders and their related parties 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, therefore standard repayment terms. The aggregate value of revenue derived from shareholders in 2023 was £1.7m (2022: £1.1m).

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23. Related party transactions (continued)

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

	2023 £000	2022 £000
Northern Powergrid (Northeast) Plc	23	29
UK Power Networks	16	2
Western Power Distribution Plc	24	23
	63	54

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

Amounts outstanding at the balance sheet date due to related parties totalled £123k, all of this relates to directors' services fees.

24. Post balance sheet event

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