ElectraLink

2020

ANNUAL REPORT & FINANCIAL STATEMENTS



COMPANY NO: 03271981

CONTENTS

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K D Lee	Non-Executive Director and Chairman
H Jones	Non-Executive Director
J Purdy	Non-Executive Director
J McOmish	Non-Executive Director (resigned 28 April 2020)
P Geddes	Non-Executive Director
P Denniff	Non-Executive Director
S Anderson	Non-Executive Director (appointed 28 April 2020)
T France	Non-Executive Director (appointed 28 January 2021, resigned 16 February 2021)
G Drake	Non-Executive Director (appointed 8 February 2021)
S Lacey	Executive Director

OFFICERS

S Lacey	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
London
EC4N 4TR

SOLICITORS

Herbert Smith Freehills LLP
Exchange House
Primrose Street
London
EC2A 2HS

Osborne Clarke LLP
2 Temple Back East
Temple Quay
Bristol
BS1 6EG

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
London
United Kingdom

Chairman's report

I am pleased to report on a further year of progress in the development of our services, the maintenance of high standards of service delivery and of creditable financial performance.

In a year when so many businesses have been severely impacted by the consequences of COVID-19, ElectraLink has been fortunate in many respects. As a technology-based company and already familiar with remote working, we and our staff have maintained delivery of our ongoing activities, preserving and in many cases expanding and improving our service to our customers. I am extremely proud of our staff, who have adapted with great personal flexibility to the demands of working from home, and of a management team who have strongly focused on maintaining personal and business engagement across our workforce and on supporting their wellbeing in what we recognise were very trying circumstances. As a business that looks to a future built on innovation there has inevitably been some impact on the take-up of some of the newer and developing products and services we had planned for the year, because our customers have also faced challenging and uncertain times, but here we have aimed to preserve and build our capabilities to ensure we are able to 'hit the ground running' when their confidence is restored.

It has been another year in which the energy industry and the political thinking that determines our future course has remained in the public spotlight amid mounting concerns about the effects of climate change. The challenges of the UK's policy objective of achieving net-zero by 2050 whilst at the same time ensuring appropriate investment in energy availability and affordability are increasingly manifesting in our working and personal lives, with innovative solutions in energy production, transport, and usage. The key to tying all these factors together remains getting the right data in the right hands at the right time.

This is ElectraLink's core purpose and 2020 has been an important year in developing our capabilities to serve the industry in meeting its diverse aims and obligations.

Turning to our financials, we report company profits before tax of £1.54m for 2020 (2019: £3.12m). The company's overall financial performance again reflects the composite of both its core activity of funding and operating the Data Transfer Service (DTS) on behalf of Britain's electricity industry companies and of its commercial activities, which provide data and governance services across the energy sector.

The DTS made a profit of £0.13m (2019: £0.3m) after amortisation costs in 2020, reflecting the within-year financial effect of the longer term regulated pricing formula to which it is subject. Increased traffic volumes and a growing and increasingly diverse customer base were again accommodated by the DTS whilst maintaining high system availability, high transfer speeds and prompt resolution of issues with minimal service impact. We transitioned the DTS to the more advanced technology platform of our Energy Market Data Hub (EMDH) within the year. We have continued to work closely with our existing and prospective DTS customers to identify their current and future needs. We have invested in a new technology platform and fully updated systems to increase the performance of the service and enhance its flexibility to support new functionality. Our independently conducted customer survey shows higher overall satisfaction and improved perception of the DTS as value for money. We continue to plan further developments of the service which anticipate continuing volume growth and accommodates the evolution of our users' interconnected systems and increasingly wide-ranging data transfer requirements.

I am pleased to report excellent growth in commercial revenues to £8.3m in 2020 (2019: £7.8m). Commercial profit was £1.4m (2019: £2.8m) as we expensed investment in our data management and analytics capabilities to better serve our existing and prospective customers as we compete for business. We have continued to support growth in our Governance Services activities and continued to grow our profit stream using the data analytics capabilities we had developed to assist the industry with its strategically important decision, operating practices and reporting.

The board did not make a dividend payment in December 2020 (2019: £1.0m), conserving cash in anticipation of future investment as per the business plan. We maintain a strong balance sheet with year-end working capital of £6.4m (2019: £8.1m) and an aggregate £5.5m (2019: £7.8m) 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's future continues to rest with innovation in support of the energy industry's collective endeavours maintaining excellent service levels for our ever-expanding customer base, quality support and up to date technical capabilities for our existing activities. On behalf of the Board, my thanks once again to our shareholders and customers for their continuing support in 2020 and to our executive team and all our staff for their hard work and continued dedication in difficult times, and a further year of achievements in the development and delivery of our services.

Kevin Lee
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to report that over the last 12 months **ElectraLink has continued to grow and transform its operations**.

I am pleased to report that over the last 12 months ElectraLink has continued to grow in a challenging market environment. ElectraLink's core regulated data services support business processes in the UK energy market, such as change of supplier and settlement, through the provision of a secure and cost-effective means of transferring data between market participants. ElectraLink also provides a range of commercial services through a consent granted by Ofgem in 2013 to the company's shareholders. These commercial services facilitate competition and innovation by improving data transparency and the implementation of change in a complex industry.

The Data Transfer Service (DTS) provides utility market participants with a standard market data interface facilitating competition and making it easier for innovative service providers to enter the energy market. The DTS continues to be regulated by Ofgem. During 2020 ElectraLink has carefully managed the cost of the DTS to the energy industry as the volume of traffic carried by the service grew by 8% year on year.

ElectraLink's commercial services grew in 2020, despite of the impact of the COVID-19 pandemic, with revenues up 8%.

Service levels and DTS customer satisfaction was maintained during 2020 and ElectraLink secured its highest ever value for money score from the users of the DTS. These excellent results are a tribute to the dedicated ElectraLink team and our service providers.

ElectraLink's commercial services grew in 2020, despite the impact of the COVID-19 pandemic, with revenues up 8% (2019: 22%) on the prior year. Through the permission of the users of the DTS, ElectraLink can store and analyse the data that passes across the DTS. The company's analysis of the DTS dataset has created a range of Energy Market Insight (EMI) services, the revenues from which grew by 42% in 2020 (2019: 150%). Our Governance Services business unit maintained its position in the market successfully transitioning all of its customer activity to remote working. The Transformation Services business unit worked closely with ElectraLink's Distribution Network Operators ("DNO") shareholders to develop an innovative datahub we have called FlexR that provides transparency and standardisation for energy network and retail market data. This platform is a key asset for the company as we look to facilitate the creation of an innovative and vibrant market for flexibility services, one of the cornerstones of the energy market transition. The UK's continuing growth in renewable generation, the deployment of storage batteries, the installation of smart meters and the transformation of the role of both supplier and networks are strong drivers of continuing growth of ElectraLink's commercial services.

Whilst continuing to invest in the DTS and innovative commercial services, ElectraLink has maintained a strong financial position. The company generated a 9% (2019: 20%) net profit before tax margin in 2020. Operating profits shrank by 51% (2019: Growth 64%), driven by system development costs, and total turnover rose by 8% (2019: 22%). The company ended the year in a strong financial position with net assets of £12.7m (2019: £11.6m). In addition to our financial performance feedback from ElectraLink staff satisfaction surveys confirms that our employees feel supported, trusted and motivated despite of the impact of the COVID-19 pandemic on our workplace and operations.

The company ended the year in a **strong financial position** with **net assets of £12.7m** (2019: £11.6m)

ElectraLink has a unique position in the UK energy market owned by the Distribution Network Operators operating across the electricity and gas markets. The UK energy market is currently in a period of profound change creating opportunities for innovative businesses with non-traditional approaches. ElectraLink's products and services are increasingly being seen as critical facilitators of the transformation of the energy market. We have an established role in the energy market, a strong team, committed shareholders, and the financial strength to be at the forefront of this transformation able to grow both regulated and commercial revenues. I am confident that the role of data, code expertise and central market systems will expand as energy market innovation takes hold.

Stuart Lacey
Chief Executive

STRATEGIC REPORT

During 2020, the company continued to invest in strengthening its market position, through contribution to and participation in industry initiatives as well as increasing our internal delivery and development resource.

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 £12.8m (2019: £11.6m)** and working capital is £6.4m (2019: £8.1m). The company had aggregate cash at bank and cash investments of £5.6m (2019: £7.8m), after investing c.£2.3m in the development and implementation of the EMDH platform, at the year-end date.

Overall, the company generated a 9.3% (2019: 20.2%) net profit before tax return on sales, reflecting:

- The financial performance of the DTS due to the impact of increasing number of users and growing traffic;
- The continuing growth of our commercial businesses and,
- The continuing development of our data management and analytics capabilities to better serve our existing and prospective customers.

The DTS continues to be provided in accordance with the DTS Charging Principles that set out the cost pass-through and investment recovery arrangements. Any accelerated or delayed investment recovery in one year is a timing item reversed in the subsequent year through a "k factor" adjustment to the pricing, thus impacting reported DTS profits in that subsequent year but with the revenue effect of this pricing adjustment being met from existing cash reserves.

During 2020, the company has managed DTS operating expenses effectively whilst accommodating continued traffic growth. **During 2020 total traffic volume on the DTS was 2101Gb** reflecting year-on-year growth of 8% against 2019 (2019: 13.5%).

The above addresses all significant KPIs within the business.

In 2020, ElectraLink continued to engage with the market and deliver service excellence. This supported the continuing growth of its commercial services, in particular an expansion of governance services contracts. Our ongoing marketing activities in the year have continued to provide us with a sound foundation on which to build our commercial services portfolio. During 2020, the company continued to invest in strengthening its market position, through contribution to and participation in industry initiatives as well as increasing 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
- New revenue prospects and as reflected in the sales pipeline, reviewed monthly with all Business Unit managers
- Customer satisfaction with DTS (Data Transfer Services) as well as Commercial activities through surveys conducted
- Regular re-forecasting of current and business plan period to enable early remediation as required
- Cash flow management, monitoring and forecasting to anticipate any impact on funding availability and ensure sufficient capital to fund planned growth

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 Committee. The financial controls and procedures are reviewed regularly and there were no breaches during the year.

The Board manages credit risk by trading with reputable counterparties who have an established credit history. Liquidity risk is managed by maintaining strong cash reserves.

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

The ongoing challenge for the coming year will be to continue to build upon our excellent service delivery record and increase and expand our service portfolio in the UK utilities markets, capitalising on technology and governance opportunities arising out of an energy industry which is rapidly mobilising towards delivering its share of the UK's policy for net-zero carbon emissions.

The successful migration of the service provision in 2020 into the EMDH (Energy Market Data Hub) onto a public cloud platform provides a sustainable future able to handle likely substantial increase in transfer volume and continued growth in demand for services based on and providing access to the data. A key future prospect is to build on the successful flexible market data platform FlexR prototype developed in 2020 as a vehicle for the Shareholders to meet Regulator expectations for accessibility in this rapidly developing dimension of the Energy sector.

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

K D Lee,
Director
31 March 2021

DIRECTORS' REPORT

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 2020.

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. Since 2012, the company has provided Data Analytics services to energy market participants using the DTS data set and third-party data to improve the efficiencies of the energy market.

The company also delivers sector leading code administration and secretarial agreement services in support of code governance arrangements in both the electricity and gas markets.

Future development disclosures are set out in the Strategic report.

RESULTS AND DIVIDENDS

The results for the year ended 31 December 2020 are set out on pages 20 to 40.

The company's profit after tax for the year ended 31 December 2020 was £1.2m (2019: £2.6m).

The directors do not recommend the payment of a final dividend (2019: £1m).

DIRECTORS

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

K. D. Lee
H. Jones
J. Purdy
J. McOmish
P. Geddes
P Denniff
S Anderson
T France
G Drake
S. Lacey

RESEARCH AND DEVELOPMENT

During 2020 the company's project to develop the EMDH platform (Energy Market Data Hub) was completed, and the platform went live in November 2020.

ASSETS IN THE COURSE OF CONSTRUCTION

As at 31 December 2020, there were intangible assets under construction totalling £3.0m (2019: £1.6m).

These amounts relate to the development of the CSS Connect Adapter service (2019: CSS Connect Adapter £0.3m; EMDH Platform £1.3m), which is due to be completed in 2022.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a number of 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.

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.

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 private limited company and is not subject to the corporate governance principles and practice set out in the April 2016 UK Corporate Governance Code ("the Code") as incorporated in the UK Listing Authority Listing Rules. However, the Board has adopted certain of the provisions in the September 2014 edition of the Code on corporate governance and in respect of the conduct of audit committees that the directors consider appropriate for the company.

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, 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 Committee is chaired by the Non-Executive Chairman and its terms of reference include the review of the company's annual financial statements, accounting policies and internal management and financial controls. 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 2020 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.

GOIN CONCERN

The company's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic report, the Chairman's report and the Chief Executive's report. These reports also outline the company's financial position, liquidity position and financial risk management risks.

As explained in more detail in note 2.1, the company has considerable financial resources, no borrowings and, due to the nature of its core business, a secure revenue stream. 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, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. 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

K D Lee
Director
31 March 2021

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.

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of Electralink Limited for the year ended 31st December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 22.

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 notes to the financial statements 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.
- 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.

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.

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.

Helen E Wildman BA ACA
(Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
1 April 2021

INCOME STATEMENT
For the year ended 31 December 2020

	Notes	2019 £000	2020 £000
Turnover	4	15,383	16,540
Cost of sales		(3,662)	(4,642)
Gross profit		11,721	11,898
Administrative expenses	5	(8,621)	(10,377)
Operating profit		3,100	1,521
Finance income (net)	6	15	14
Profit before taxation	7	3,115	1,535
Tax on profit	9	(527)	(356)
Profit for the financial year		2,588	1,179

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 2020

	Notes	2019 £000	2020 £000
Non-current assets			
Intangible assets	11	1,680	5,369
Tangible assets	12	1,759	973
Deferred tax asset	13	60	-
		3,499	6,342
Current assets			
Debtors: amounts falling due within one year	14	3,634	3,326
Cash at bank and in hand	15	7,778	5,550
		11,412	8,876
Total Assets		14,911	15,218
Current liabilities			
Creditors: amounts falling due within one year	16	(3,016)	(2,287)
Current tax liability		(328)	(167)
		(3,344)	(2,454)
Net current assets		8,068	6,422
Total assets, less current liabilities		11,567	12,764
Provisions for liabilities	13	-	(18)
Net assets		11,567	12,746
Capital and reserves			
Called up share capital	18	1	1
Retained earnings		11,566	12,745
Shareholders' funds		11,567	12,746

The financial statements of ElectraLink Limited, registered number 03271981 were approved by the Board of Directors on 31 March 2021.

Signed on behalf of the Board of Directors

K D Lee
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 January 2019	1	9,978	9,979
Profit and total comprehensive income for the financial year	-	2,588	2,588
Dividend Paid on equity Shares (notes 10)	-	(1,000)	(1,000)
At 1 January 2020	1	11,566	11,567
Profit and total comprehensive income for the financial year	-	1,179	1,179
At 31 December 2020	1	12,745	12,746

CASH FLOW STATEMENT
For the year ended 31 December 2020

	Notes	2019 £000	2020 £000
Net cash inflow from operating activities	19	3,639	1,707
Cash flows from investing activities			
Interest receivable		15	14
Purchase of intangible assets		(1,546)	(3,776)
Purchase of equipment		(446)	(173)
Net cash flow from investing activities		(1,997)	(3,935)
Cash flows from financing activities			
Dividends Paid	10	(1,000)	-
Net cash flows from financing activities		(1,000)	-
Net (decrease)/increase in cash and cash equivalents		662	(2,228)
Cash and cash equivalents at beginning of year		7,116	7,778
Cash and cash equivalents at end of year	15	7,778	5,550

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. General information and basis of accounting

ElectraLink Limited is a private company incorporated in the United Kingdom (England & Wales) under the Companies Act 2006. The address of the registered office is given on page 3. The nature of the company's operations and its principal activities are set out in the Directors' report on pages 11 to 14.

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 considered to be 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 5 and 7 respectively. In March 2020 the UK economy began to suffer from the effects of the global COVID19 pandemic, which resulted in changes to working practices and significant adverse effects for businesses operating in certain sectors. Fortunately, the company has experienced limited impact from the pandemic, and although the workforce has had to adapt to new ways of working, the company has continued to report sale growth and positive cash flows from operating activities throughout 2020.

As the global pandemic continues, the Directors continue to monitor its impact on the business, customer activities and the wider energy market, in order to develop appropriate responses. The company continues to consider various scenarios in the development of its cash flow forecasts to ensure the company will trade within its cash resources.

The company has considerable financial resources, no borrowings and, due to the nature of its core business, a secure revenue stream. 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, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. 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 cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, 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 platform that makes data transfer base data accessible to provide a range of basic service using transfer data to meet DNO Licence condition 37.*

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.

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 sellthe 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

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

Service revenue 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 property, plant and equipment 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 for its equipment.

3.3. Capitalisation of project costs

Project costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific asset being developed. 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

4. TURNOVER

	2019 £000	2020 £000
Data Transfer Service	7,626	8,208
Commercial	7,757	8,332
	15,383	16,540

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

5. ADMINISTRATIVE EXPENSES

	2019 £000	2020 £000
Staff costs (net of capitalisation)	6,449	8,073
IT costs	476	711
Professional fees	377	336
Marketing costs	105	62
Depreciation and amortisation (Note 11 and 12)	864	873
Accommodation and other overheads	350	322
	8,621	10,377

6. FINANCE INCOME(NET)

	2019 £000	2020 £000
Interest receivable and similar income	15	14
	15	14

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:

	2019 £000	2020 £000
Depreciation of tangible assets (note 12)	760	786
Amortisation of intangible assets (note 11)	104	87
Operating lease rentals	284	445
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	62	65
Fees payable to the company's auditor and their associates for other services to the company		
- Assurance services	14	15
- Taxation compliance services	10	18

8. STAFF COSTS

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

	2019 £000	2020 £000
Wages and salaries	3,925	7,213
Social security costs	533	659
Pension costs	294	542
	4,752	6,537

From January 2019, 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 (2019: £28,987) included within creditors: amounts falling due within one year (note 16).

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

	2019 No.	2020 No.
Managerial, technical and administration staff	64	88

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

8. STAFF COSTS (CONTINUED)

Directors' remuneration

The remuneration in respect of directors was as follows:

	2019 £000	2020 £000
Director's remuneration		
Emoluments (excluding pension contributions)	733	564
Contribution to defined contribution scheme	9	30
	742	**594**

	2019 No.	2020 No.
Number of directors who are members of defined contribution scheme	1	1

Remuneration of the highest paid director	2019 £000	2020 £000
Emoluments	571	358
Contribution to defined contribution scheme	9	30
	580	**388**

During the year, the company paid a total of £44,800 (2019: £43,600) to shareholder companies for the provision of services of directors (see note 21).

9. TAX ON PROFIT

The tax charge comprises:

Current tax on profit	2019 £000	2020 £000
UK corporation tax	594	352
Adjustment in respect of prior periods	(34)	(74)
Total current tax	**560**	**278**
Deferred tax		
Origination and reversal of timing differences	(8)	(22)
Deferred tax prior year adjustment	(41)	100
Total deferred tax (note 13)	(33)	78
Total tax on profit	**527**	**356**

The standard rate of tax that applies to reported profit is 19% (2019: 19%). The applicable tax rate has changed following the substantive enactment of the Finance Act 2014.

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:

	2019 £000	2020 £000
Profit before tax	3,115	1,535
Tax charge on profit at standard UK corporation tax rate of 19% (2019: 19%)	592	292
Effect of:		
Expenses not deductible for tax purposes	9	42
Adjustment to tax charge in respect of previous periods	(75)	26
Change in unrecognised deferred tax assets	-	(5)
Total tax charge for period	**527**	**355**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

10. DIVIDENDS PAID AND DECLARED

Equity shares	2019 £000	2020 £000
Interim dividend declared and paid of £Nil (2019: £100) per ordinary share	1,000	-

11. INTANGIBLE ASSETS

	Software £000	EMDH Platform £000	Data Asset £000	Asset under construction £000	Total £000
Cost					
At 1 January 2020	223	-	132	1,597	1,952
Reclassify from tangible assets	173	-	-	-	173
Additions	107	-	7	3,662	3,776
Asset brought into service	-	2,252	-	(2,252)	-
Disposals	(173)	-	-	-	(173)
At 31 December 2020	330	2,252	139	3,007	5,728
Accumulated amortisation					
At 1 January 2020	(140)	-	(132)	-	(272)
Charge for the year	(80)	-	(7)	-	(87)
At 31 December 2020	(220)	-	139	-	(359)
Net book value					
At 31 December 2019	83	-	-	1,597	1,680
At 31 December 2020	110	2,252	-	3,007	5,369

As at 31 December 2020, there were intangible assets under construction totalling £3.0m (2019: £1.6m). These amounts relate to the development of the CSS Connect Adapter service, which is due to be completed in 2022.

During the year to 31 December 2020, the EMDH platform was completed and converted from Assets under Construction to a functional asset. The EMDH platform went live in November 2020, with a 6-week parallel run before the old platform was switched off and all services started running solely on the new EMDH platform. The value of the asset brought into service in November 2020 was £2.3m. The EMDH platform will be amortised over a period of 5 years, starting in January 2021.

12. TANGIBLE FIXED ASSETS

	DTS Asset £000	Leasehold improve-ments £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost					
At 1 January 2020	3,734	289	120	549	4,692
Reclassify to intangible assets	(173)	-	-	-	(173)
Additions	95	-	5	73	173
At 31 December 2020	3,656	289	125	622	4,692
Accumulated depreciation					
At 1 January 2020	(2,343)	(63)	(83)	(444)	(2,933)
Charge for the year	(647)	(28)	(36)	(75)	(786)
At 31 December 2020	(2,990)	(91)	(119)	(519)	(3,719)
Net book value					
At 31 December 2019	1,391	226	37	105	1,759
At 31 December 2020	666	198	6	103	973

During 2020, a review was conducted of the construction of the DTS asset, and it was discovered that the cost of assets relating to the FlexR project, amounting to £173k were previously incorrectly included within the DTS asset value at 31 December 2019. These costs have been reclassified in the 2020 financial statements and have been included within intangible assets.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

13.PROVISION FOR LIABILITIES / DEFERRED TAX (LIABILITY)/ASSET

	Total £000
Company	
At 1 January 2019	27
Charged to profit and loss account	33
At 31 December 2019	60
Charged to profit and loss account	78
At 31 December 2020	18

Deferred tax is provided as follows:

	2019 £000	2020 £000
Accelerated capital allowance	(55)	(18)
Other timing differences	5	-
Deferred tax (liability)/asset	60	(18)

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.

The deferred tax balances are calculated based on the currently substantively enacted tax rate of 19%. In the March 2021 Budget, it was announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%. If the amended tax rate had been used, the deferred tax asset would have been £5.5k higher.

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

14. DEBTORS

	2019 £	2020 £
Amounts falling due within one year:		
Trade debtors	1,526	1,743
Amounts due from shareholders (note 21)	225	11
Accrued income	1,667	1,297
Other debtors	56	30
Prepayments	160	245
	3,634	3,326

15. CASH AND CASH EQUIVALENTS

	2019 £000	2020 £000
Cash at bank and in hand	7,778	5,550
	7,778	5,550

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £000	2020 £000
Trade creditors	581	606
Payroll creditor	191	179
VAT creditor	376	263
Sundry creditors	8	683
Amounts owed to shareholders (note 21)	44	45
Accruals and deferred income	1,816	511
	3,016	2,287

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

17. FINANCIAL INSTRUMENTS

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

Falling due within one year	2019 £000	2020 £000
Financial assets		
Measured at undiscounted amount receivable		
- Trade and other debtors	1,582	1,773
- Amounts due from shareholders	225	11
	1,807	1,784
Financial Liabilities		
Measured at undiscounted amount payable		
- Trade and other creditors	581	1,289
- Amounts owed to shareholders	44	45
	625	1,334

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

Interest income and expense	2019 £000	2020 £000
Total interest income for financial assets at amortised cost	15	14

18.CALLED UP SHARE CAPITAL

	2019 £000	2020 £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

	2019 £000	2020 £000
Operating profit	3,100	1,521
Adjustment for:		
Loss on disposal of fixed assets	-	173
Depreciation	760	786
Amortisation	104	87
Operating cash flow before movement in working capital	3,964	2,567
Decrease/(Increase) in debtors	(744)	94
(Decrease)/Increase in creditors	946	(730)
Decrease in shareholder net trade receivables	-	215
Cash generated by Operations	4,166	2,146
Tax paid	(527)	(439)
Net Cash flows from operating activities	3,639	1,707

The company does not have any debt at the end of the financial year (2019: £Nil)

Net debt reconciliation

	1 January 2020 £000	Cash generated by operations £000	Other cash flows £000	31 December 2020 £000
Cash at bank and in hand	7,778	1,707	(3,935)	5,550

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

20.FINANCIAL COMMITMENTS

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

	2019		2020	
	Plant and equipment £000	Other £000	Plant and equipment £000	Other £000
Total payments				
- one year	5	265	7	371
- between two and five years	16	323	13	803
- later than five years	-	-	-	302

Other commitments relate primarily to the lease of the company's corporate office.

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) Ltd	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
Western Power Distribution (East Midlands) plc	782	7.82
Western Power Distribution (South Wales) plc	521	5.21
Western Power Distribution (South West) plc	619	6.19
Western Power Distribution (West Midlands) plc	782	7.82
	10,001	100.00

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

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	2019 £000	2020 £000
Eastern Power Networks plc	11	-
Electricity North West Limited	7	-
Northern Powergrid (Northeast) Ltd	2	2
Northern Powergrid (Yorkshire) plc	7	2
Scottish Hydro Electric Power Distribution plc	13	-
South Eastern Power Networks plc	9	-
Southern Electric Power Distribution plc	52	-
SP Distribution plc	31	-
SP Manweb plc	4	-
Western Power Distribution (East Midlands) plc	89	2
Western Power Distribution (South West) plc	-	3
Western Power Distribution (West Midlands) plc	-	2
	225	11

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 2020 was £0.2m (2019: £0.7m).

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

	2019 £000	2020 £000
Northern Powergrid (Northeast) Limited	22	23
UK Power Networks	22	22
	44	45

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

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.