

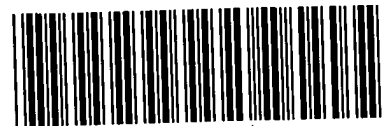
Company Registration Number: 12159646

Indigo Power Limited

Annual Report and Financial Statements

For the year ended 31 March 2022

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Indigo Power Limited

Report and financial statements 2022

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Indigo Power Limited

Officers and professional advisors

Directors

Andrew Blincow
William McSheffery
Gary Barnes
Adam Delaney
Charles Hazelwood
Roxane Parfond
Chandra Trikha
Peter Webster
Gary Tomlinson

Registered Office

15 Diddenham Court
Lambwood Hill
Grazeley
Reading
England
RG7 1JQ

Solicitors

Dentons UKMEA LLP
1 George Square
Glasgow
G2 1AL

Auditor

Deloitte LLP
Statutory Auditor
110 Queen Street
Glasgow
G1 3BX

Indigo Power Limited

Strategic report

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Strategy and Objectives

Indigo Power Limited ("The Company") is principally focussed on the provision and maintenance of electricity connections and electricity distribution services for customers in the property development and house building sectors in Great Britain.

The Company is regulated by Ofgem and is responsible for safely distributing electricity through its networks. The Company does not sell electricity to consumers but ensures it is safely and efficiently delivered to the end customer on behalf of electricity suppliers.

The Company is owned by Indigo Pipelines Holdco 2 Limited, which also owns Indigo Pipelines Limited, a licensed gas transporter, acquiring, owning, and operating gas connections to domestic housing and commercial developments throughout Great Britain.

The Company is part of a "Group" consisting of Edingho Bidco Limited, the ultimate parent company and holding company of Indigo Pipelines Holdco 1 Limited which in turn is a holding company of Indigo Pipelines Holdco 2 Limited which in turn owns Indigo Pipelines Limited and Indigo Power Limited.

Key Performance Indicators and Business Review

The Company is a licensed electricity independent distribution network operator, acquiring, owning, and operating electricity connections on housing and commercial developments throughout Great Britain. The Company adopted its first electricity connections during the year.

Management actively monitors the performance of the business through reviewing the services provided to it by third party service providers and measuring the financial performance of the Company.

Key Performance Indicators

- Operating loss £783,000 in the Company's first full year of trading (2021: loss of £454,000)

The impact of the Covid-19 pandemic is continually monitored by management, the issues are discussed in detail in the Directors' report.

The year ending 31st March 2022 was the Company's first full year of trading since acquiring its operating licence in August 2020. The operating loss in the year increased to (£783,000) from a loss of (£454,000) in the prior year where the Company was trading for seven months of the year. The Company continues to enter into agreements with Independent Connections Providers to add to its order book of future electricity connections and is well positioned for growth.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company concern the quality of service delivery provided by its service providers and ensuring the Company's network is designed, constructed, operated and maintained in a safe and regulatory compliant manner. These areas are actively monitored by the Board of Directors to ensure continued quality of service delivery.

The Board of Directors manage the financial risk of the business through ensuring it operates according to its business plan. Management of financial risks include the directors ensuring

Indigo Power Limited

Strategic report

appropriate controls are in place regarding cash control, working capital management and the effective collection of debtors.

Compliance risks (such as anti-bribery, anti-fraud, data protection and regulation) are managed by prudent and verifiable controls.

Future Developments

The Company enters 2022/23 with a strong pipeline of new electricity connection opportunities. It provides the Group with a multi-utility offering with the ability to adopt, own and operate both electricity and gas connections.

The Company aims to achieve a zero-harm target to life, property, and minimise its impact on the environment as far as is reasonably practicable.

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

A handwritten signature in black ink, appearing to read 'Andrew Blincow', with a stylized flourish at the end.

Andrew Blincow

Director

7th July 2022

Indigo Power Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2022.

Future developments

Details of future developments can be found in the Strategic Report.

Directors

The directors who served during the year and up to the date of this report are as follows:

Andrew Blincow
William McSheffery
Gary Barnes
Adam Delaney
Charles Hazelwood
Roxane Parfond
Chandra Trikha
Peter Webster
Gary Tomlinson

Director's indemnities

The Group of which the Company is a member has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Financial risk management objectives and policies

The Company's activities expose it primarily to several financial risks including cash flow risk and interest rate risk as detailed below:

Cash flow risk

The Group has a commitment that Indigo Pipelines Holdco 2 Limited can drawdown funds from the bank on behalf of Indigo Power Limited to fund its capital expenditure requirements. Monthly forecast cash flows show that secure trading from existing connections keeps the Group in a low risk environment.

Interest rate risk

As a result of its external borrowing facilities which have interest charged based on SONIA, the Group is exposed to fluctuations in interest rates. The Group has entered into interest rate swaps in order to hedge movements in future interest rates.

War in Ukraine

The Company and Group do not have any trade with, or own any assets in, Russia or Ukraine. The Company and Group are not directly affected by increases to energy prices, however, the failure of energy shippers and suppliers as a result of rising and volatile gas and electricity wholesale prices can have a financial impact on its results. The Board continually monitors the impact of energy shipper and supplier failures, and this is covered in more detail in the Going Concern section of the Director's report.

Indigo Power Limited

Directors' report

Environmental and climate risk

The Company has a Safety, Health and Environmental policy which is reviewed annually by its Safety, Health, and Environmental Advisory Committee (SHEAC). In the policy the Company commits to pay due regards to all relevant environmental legislation, guidance, and industry standards. During the year there were no EA/SEPA reportable environmental incidents.

Also during the year the Company has introduced additional Environmental, Social and Corporate Governance (ESG) metrics and performance against these metrics is reviewed by the Board.

The Board continually monitors the opportunities and risks associated with the UK's net-zero climate change target for 2050, and the UK's target to reduce emissions by 78% by 2035 as outlined in the sixth Carbon Budget in April 2021.

In obtaining its licence to operate as an electricity independent distribution network operator the Group is well positioned to continue to grow its connections numbers and transportation revenue at a time when UK housebuilders and developers are building new homes to The Future Homes Standard with low carbon heating solutions.

Environmental and climate risk is continually monitored by the Board as part of the risk assessment process.

Going Concern

The Company continues to enter into agreements with Independent Connections Providers to add to its order book of future electricity connections however it will be several years until the electricity distribution revenues reach a level where the Company will break-even and cover its operating costs. This is in line with the long-term business plan and the Company has entered into two loan facility agreements with its immediate parent company, Indigo Pipelines Holdco 2 Limited, to cover its funding requirements for Capital Expenditure and Working Capital. The Company has received a letter of support from Indigo Pipelines Holdco 2 Limited for the 12-month period following the date of approval of these accounts. Indigo Pipelines Holdco 2 Limited is wholly owned by Indigo Pipelines Holdco 1 Limited, which in turn is wholly owned by Edingho Bidco Limited – collectively "the Group". The Directors of the Company have satisfied themselves that the parent company and Group has sufficient resources to provide the necessary financial support.

The Group has borrowing arrangements in place with external lenders, which are subject to regular covenant testing. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to continue to be cash generative going forward. The forecasts give due regard to available banking facilities and show that the Group and Company will continue to remain within related covenant requirements.

Impact of Covid-19 Pandemic

The Covid-19 Pandemic has not had a material impact on the results of the Company, or the Group, for the year ending 31 March 2022.

Gas connections

The Group's profit and cash is currently generated by a fellow subsidiary company, Indigo Pipelines Limited. Indigo Pipelines receives regulated revenue for transporting gas through its pipes, pressure regulating equipment and other engineering assets required to operate its gas transportation network.

Approximately 95% of the Group's gross profit is generated from gas fixed standing charges where the amount of revenue received does not vary with the volume of gas transported.

Indigo Power Limited

Directors' report

During the year there have been several energy suppliers that have entered administration. In these circumstances the industry regulator, Ofgem, has appointed a 'Supplier of Last Resort' to take over the supply to end customers. Whilst the primary objective for Ofgem is to protect the interests of gas and electricity consumers, by appointing a 'Supplier of Last Resort' it also mitigates the extent to which the Group is exposed to credit risk. Accordingly, 99% of receivables have been collected in the year to 31 March 2022.

Consequently, management do not believe that there is a significant risk of a material reduction to gas transportation revenue.

Reverse stress testing has been applied to the Group's forecasts for the financial year ending 31st March 2023. The cost base, including interest payable on the majority of the Group's loan funding, is fixed and predictable. It would take a 40% reduction in transportation receivables for the Group to be in a position where it no longer generates cash from its operations. Given the strong performance achieved by the Group during the year to 31 March 2022 this level of reduction is not deemed likely.

The Group's cash balance at 31 March 2022 was £7,111,000. In addition under its Senior Facilities Agreement (dated 14 March 2019) the Group has access to a £10m Revolving Facility which may be utilised for the general corporate and working capital purposes of the Group (excluding for Distributions).

On this basis the directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Subsequent Events

There are no events subsequent to the year-end that require disclosure.

Indigo Power Limited

Directors' report

Auditor

Each of the persons who is a director 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.

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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

A handwritten signature in black ink, appearing to read 'Andrew Blincow', with a large, sweeping flourish at the end.

Andrew Blincow
Director
7th July 2022

Indigo Power Limited

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 year. 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.

Indigo Power Limited

Independent auditor's report to the members of Indigo Power Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Indigo Power Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss 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 statement of financial position;
- the statement of changes in equity and
- the related notes 1 to 17.

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.

Independent auditor's report to the members of Indigo Power Limited

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.

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.

Independent auditor's report to the members of Indigo Power Limited

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 frameworks 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 the UK Companies Act and energy 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.

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

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

- Revenue recognition, pinpointed to cut off of new connections during the final month of the year. In addressing the risk we have updated our understanding of the revenue process and associated controls and performed focussed detailed tests on the revenue transactions.

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 and 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 and reviewing correspondence with the licensing authority Ofgem.

Indigo Power Limited

Independent auditor's report to the members of Indigo Power Limited

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.



Paul Hazelton CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Glasgow, UK

7th July 2022

Indigo Power Limited

Income Statement

For the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
Turnover	3	2	-
Cost of sales		(2)	-
Gross Profit		-	-
Distribution costs		(501)	(324)
Administration expenses		(282)	(130)
Operating loss	4	(783)	(454)
Interest receivable		-	-
Interest payable	7	(41)	-
Loss before taxation		(824)	(454)
Tax credit on loss	8	154	86
Loss for the financial year		(670)	(368)

The above results are derived from continuing operations unless otherwise noted.

The Company has no other recognised gains or losses other than the loss in both the current and comparative year. Accordingly, no Statement of Comprehensive Income has been presented.

The accompanying notes form part of these financial statements.

Indigo Power Limited

Statement of Financial Position

As at 31 March 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	10	133	1
Intangible assets	9	606	706
		<u>739</u>	<u>707</u>
Current assets			
Debtors	11	199	110
Cash		58	-
		<u>257</u>	<u>110</u>
Creditors: amounts falling due within one year	12	(20)	(1,229)
Net current assets		<u>237</u>	<u>(1,119)</u>
Total assets less current liabilities		976	(412)
Creditors: amounts falling due after more than one year	13	(2,049)	-
Provisions for liabilities and charges			
Deferred tax	14	(9)	-
Net assets		<u>(1,082)</u>	<u>(412)</u>
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account		(1,082)	(412)
Shareholders' funds		<u>(1,082)</u>	<u>(412)</u>

The financial statements of Indigo Power Limited, registered number 12159646 were approved by the Board of Directors and authorised for issue on 7th July 2022.

Signed on behalf of the Board of Directors



Andrew Blincow
Director

Indigo Power Limited

**Statement of changes in equity
For the year ended 31 March 2022**

	Notes	Called Up Share Capital £'000	Profit and loss account £'000	Total £'000
At 31 March 2020		-	(44)	(44)
Loss for the financial year		-	(368)	(368)
At 31 March 2021		-	(412)	(412)
Loss for the financial year		-	(670)	(670)
At 31 March 2022		-	(1,082)	(1,082)

Indigo Power Limited

Notes to the financial statements

For the year ended 31 March 2022

1. Principal accounting policies

The principal accounting policies are summarised below and have been applied consistently throughout the year.

General Information and basis of accounting

Indigo Power Limited is a limited liability company incorporated in England and Wales under the Companies Act. The company is limited by shares. 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 Strategic Report.

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

The functional currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling.

Indigo Power Limited meets the definition of a qualifying entity under FRS 102 and therefore has taken advantage of the exemption in relation to financial instruments, disclosure of intra-group transactions and presentation of cash flow statement on the grounds that the ultimate parent undertaking, Edingho Bidco Limited, includes the Company in its own published consolidated financial statements.

Going Concern

The Company continues to enter into agreements with Independent Connections Providers to add to its order book of future electricity connections however it will be several years before the electricity distribution revenues reach a level where the Company will break-even and cover its operating costs. This is in line with the long-term business plan and the Company has entered into two loan facility agreements with its immediate parent company, Indigo Pipelines Holdco 2 Limited, to cover its funding requirements for Capital Expenditure and Working Capital. The Company has received a letter of support from Indigo Pipelines Holdco 2 Limited for the 12-month period following the date of approval of these accounts. Indigo Pipelines Holdco 2 Limited is wholly owned by Indigo Pipelines Holdco 1 Limited, which in turn is wholly owned by Edingho Bidco Limited – collectively "the Group". The Directors of the Company have satisfied themselves that the parent company and Group has sufficient resources to provide the necessary financial support.

The Group has borrowing arrangements in place with external lenders, which are subject to regular covenant testing. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to continue to be cash generative going forward. The forecasts give due regard to available banking facilities and show that the Group and Company will continue to remain within related covenant requirements.

Notes to the financial statements

For the year ended 31 March 2022

Impact of Covid-19 Pandemic

The Covid-19 Pandemic has not had a material impact on the results of the Company, or the Group, for the year ending 31 March 2022.

Gas connections

The Group's profit and cash is currently generated by a fellow subsidiary company, Indigo Pipelines Limited. Indigo Pipelines receives regulated revenue for transporting gas through its pipes, pressure regulating equipment and other engineering assets required to operate its gas transportation network.

Approximately 95% of the Group's gross profit is generated from gas fixed standing charges where the amount of revenue received does not vary with the volume of gas transported.

During the year there have been several energy suppliers that have entered administration. In these circumstances the industry regulator, Ofgem, has appointed a 'Supplier of Last Resort' to take over the supply to end customers. Whilst the primary objective for Ofgem is to protect the interests of gas and electricity consumers, by appointing a 'Supplier of Last Resort' it also mitigates the extent to which the Group is exposed to credit risk. Accordingly, 99% of receivables have been collected in the year to 31 March 2022.

Consequently, management do not believe that there is a significant risk of a material reduction to gas transportation revenue.

Reverse stress testing has been applied to the Group's forecasts for the financial year ending 31st March 2023. The cost base, including interest payable on the majority of the Group's loan funding, is fixed and predictable. It would take a 40% reduction in transportation receivables for the Group to be in a position where it no longer generates cash from its operations. Given the strong performance achieved by the Group during the year to 31 March 2022 this level of reduction is not deemed likely.

The Group's cash balance at 31 March 2022 was £7,111,000. In addition under its Senior Facilities Agreement (dated 14 March 2019) the Group has access to a £10m Revolving Facility which may be utilised for the general corporate and working capital purposes of the Group (excluding for Distributions).

On this basis the directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Intangible Fixed Assets

Intangible fixed assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is only charged at the point from which the intangible asset is deemed to be in use. 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.

IT development costs

IT development costs attributable to the Company's systems for managing its electricity connections have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

Notes to the financial statements

For the year ended 31 March 2022

IT development costs are amortised over a period of 5 years.

Cost of securing an IDNO operating licence

The Company has directly incurred costs to acquire a Licence to operate as an Independent Distribution Network Operator from the Industry Regulator.

The Operating Licence Intangible Fixed Asset is amortised over a period of 10 years.

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 of each asset to nil on a straight-line basis over its expected useful life, as follows:

Electricity distribution networks - 40 years

Turnover

Turnover, stated exclusive of Value Added Tax, relates to electricity network distribution income in the UK and is recognised when the significant risks and rewards are considered to have been transferred to the customer.

Financial instruments

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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is

Notes to the financial statements

For the year ended 31 March 2022

equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.

- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

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 restrictions on the transfer.

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

(ii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs

Taxation

Current tax, including UK corporation tax and foreign 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.

Notes to the financial statements

For the year ended 31 March 2022

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Borrowing costs

The Company does not capitalise borrowing costs that are directly attributable to the construction of tangible fixed assets. These are expensed in the period in which they are incurred.

Notes to the financial statements

For the year ended 31 March 2022

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

In the current period the directors do not consider there to be any critical accounting judgments or any key source of estimation uncertainty.

3. Turnover

An analysis of the Company's turnover is as follows:

	2022	2021
	£'000	£'000
Rendering of services		
Electricity network distribution income	<u>2</u>	<u>-</u>
	<u>2</u>	<u>-</u>

Indigo Power Limited

**Notes to the financial statements
For the year ended 31 March 2022**

4. Operating loss is arrived at after charging/(crediting):

	2022	2021
	£'000	£'000
Depreciation	-	-
Amortisation	<u>113</u>	<u>54</u>

The analysis of the auditor's remuneration is as follows:

	2022	2021
	£'000	£'000
Auditor's remuneration	2	2
Taxation compliance services	<u>8</u>	<u>3</u>

5. Staff costs and numbers

The Company employs no staff.

6. Directors' remuneration

In the current and prior year, certain Directors were remunerated by Indigo Pipelines Limited, another Group company, for their services to the Group as a whole. The accounts of Indigo Pipelines Limited are publicly available.

7. Interest Payable

	2022	2021
	£'000	£'000
Interest payable to group undertakings	<u>(41)</u>	<u>-</u>
Total interest payable	<u>(41)</u>	<u>-</u>

Indigo Power Limited

Notes to the financial statements
For the year ended 31 March 2022

8. Taxation

	2022	2021
	£'000	£'000
Current tax:		
United Kingdom corporation tax	(163)	(86)
	<u>(163)</u>	<u>(86)</u>
Deferred tax:		
Origination and reversal of timing differences	7	-
Effect of changes in tax rates	2	-
Total Deferred tax	<u>9</u>	<u>-</u>
Total tax on loss on ordinary activities	<u>(154)</u>	<u>(86)</u>

The credit for the year can be reconciled to the loss per the profit and loss account as follows:

	2022	2021
	£'000	£'000
Loss before tax	(824)	(454)
Tax on loss at standard UK corporation tax rate of 19%	(156)	(86)
Effects of:		
Tax rate changes	2	-
Tax credit for year	<u>(154)</u>	<u>(86)</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2021 – 19%). Deferred tax balances reflect the increase to the UK standard rate of corporation tax to 25% effective from 1 April 2023.

Indigo Power Limited

**Notes to the financial statements
For the year ended 31 March 2022**

9. Intangible fixed assets

	IT development costs	Cost of securing an IDNO operating licence	Total
	£'000	£'000	£'000
Cost:			
At 31 March 2021	263	497	760
Additions	13	-	13
At 31 March 2022	<u>276</u>	<u>497</u>	<u>773</u>
Amortisation:			
At 31 March 2021	31	23	54
Charge for the year	57	56	113
At 31 March 2022	<u>88</u>	<u>79</u>	<u>167</u>
Net book value			
At 31 March 2022	<u>188</u>	<u>418</u>	<u>606</u>
At 31 March 2021	<u>232</u>	<u>474</u>	<u>706</u>

10. Tangible fixed assets

	Electricity Distribution Network Assets	Electricity Distribution Network Assets Under Construction	Total
	£'000	£'000	£'000
Cost:			
At 31 March 2021	-	1	1
Additions	33	99	132
At 31 March 2022	<u>33</u>	<u>100</u>	<u>133</u>
Depreciation:			
At 31 March 2021	-	-	-
Charge for the year	-	-	-
At 31 March 2022	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
At 31 March 2022	<u>33</u>	<u>100</u>	<u>133</u>
At 31 March 2021	<u>-</u>	<u>1</u>	<u>1</u>

Indigo Power Limited**Notes to the financial statements
For the year ended 31 March 2022****11. Debtors: amounts falling due within one year**

	2022	2021
	£'000	£'000
Trade debtors	1	-
Prepayments and accrued income	14	14
Amounts owed by group undertakings	163	96
Other debtors	21	-
	<u>199</u>	<u>110</u>

The amounts owed by group undertakings do not attract any interest. The balances are repayable on demand.

12. Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	1	-
Amounts due to group undertakings	-	1,224
Accruals and deferred income	19	5
	<u>20</u>	<u>1,229</u>

During the year the Company entered into a working capital facility agreement with its immediate parent company, Indigo Pipelines Holdco 2 Limited (see note 13 for further details). The Company has drawn down amounts from the working capital facility during the year to repay amounts falling due to group undertakings within one year.

Indigo Power Limited

Notes to the financial statements For the year ended 31 March 2022

13. Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Amounts due to group undertakings	2,049	-
	<u>2,049</u>	<u>-</u>

During the year, the Company had two unsecured loans from its parent company, Indigo Pipelines Holdco 2 Limited.

- The working capital facility of £1,350,000 (2021: £nil) is charged at a floating bank rate plus an additional 1.5% margin.
- The capex facility of £699,000 (2021: £nil) is charged at the floating bank rate plus 1.5% margin.

14. Deferred taxation

	2022 £'000	2021 £'000
Accelerated capital allowances	9	-

	2022 £'000	2021 £'000
Provision at start of the year	-	-
Charged to profit and loss account	9	-
Provision at end of the year	<u>9</u>	<u>-</u>

15. Share capital and reserves

	Number	£
Allotted and called up:		
At 1 April 2021 and 31 March 2022		
Two ordinary shares of £1 each	<u>2</u>	<u>2</u>

Indigo Power Limited

Notes to the financial statements

For the year ended 31 March 2022

16. Related party transactions

The immediate parent undertaking, Indigo Pipelines Holdco 2 Limited, has provided a Letter of Support to the Company for the 12-month period following the date of approval of these accounts.

During the year, the Company had two unsecured loans from its parent company, Indigo Pipelines Holdco 2 Limited.

- The working capital facility of £1,350,000 (2021: £nil) is charged at a floating bank rate plus an additional 1.5% margin.
- The capex facility of £699,000 (2021: £nil) is charged at the floating bank rate plus 1.5% margin.

At the prior year-end 31 March 2021 Intercompany Creditors of £1,196,000 and £28,000 were owed to Indigo Pipelines Holdco 2 Limited and Indigo Pipelines Limited. The Intercompany Creditors have been settled during the year.

17. Ultimate Holding Company

The immediate parent undertaking is Indigo Pipelines Holdco 2 Limited.

Edingho Bidco Limited is the ultimate parent, a company ultimately controlled by AIP Holdings Limited. Mr. Toor, a director of the Company, and members of his close family, control the Company as a result of controlling, directly or indirectly, 100 per cent of the issued share capital of the Company.

Edingho Bidco Limited prepares the consolidated financial statements for the Group. Edingho Bidco Limited's consolidated financial statements represent the largest group to consolidate these financial statements. Copies of Edingho Bidco Limited consolidated financial statements can be obtained from the Company Secretary C/O Alter Domus (UK) Limited, 18 St Swithin's Lane, London, United Kingdom, EC4N 8AD.

Indigo Pipelines Holdco 1 Limited, a subsidiary of Edingho Bidco Limited, also prepares consolidated financial statements and represents the smallest group to consolidate these financial statements. Copies of Indigo Pipelines Holdco 1 Limited consolidated financial statements can be obtained from the Company Secretary, 15 Diddenham Court, Lambwood Hill, Grazeley, Reading, England, RG7 1JQ.