

**Company Registration No. 08998658**

**Indigo Pipelines Holdco 1 Limited**

**Annual Report and Consolidated Financial Statements**

**For the year ended 31 March 2019**



# **Indigo Pipelines Holdco 1 Limited**

## **Annual Report and Consolidated Financial Statements for the year ended 31 March 2019**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Strategic report</b>	<b>2</b>
<b>Directors' report</b>	<b>4</b>
<b>Directors' responsibilities statement</b>	<b>6</b>
<b>Independent auditor's report</b>	<b>7</b>
<b>Consolidated profit and loss account</b>	<b>10</b>
<b>Consolidated balance sheet</b>	<b>11</b>
<b>Company balance sheet</b>	<b>12</b>
<b>Consolidated statement of changes in equity</b>	<b>13</b>
<b>Company statement of changes in equity</b>	<b>13</b>
<b>Consolidated cash flow statement</b>	<b>14</b>
<b>Notes to the consolidated financial statements</b>	<b>15</b>

# **Indigo Pipelines Holdco 1 Limited**

## **Annual Report and Consolidated Financial Statements for the year ended 31 March 2019**

### **Officers and professional advisers**

#### **Directors**

Gary Le Sueur (Resigned 28 February 2019)  
Andrew Low (Resigned 28 February 2019)  
Antony Robison (Resigned 28 February 2019)  
Adam Delaney (Resigned 28 February 2019)  
Charles Hazelwood (Appointed 28 February 2019)  
Surinder Toor (Appointed 28 February 2019)

#### **Registered Office**

Loddon Reach Reading Road  
Arborfield  
Reading  
Berkshire  
England  
RG2 9HU

#### **Bankers**

The Royal Bank of Scotland plc  
City of London  
1 Princess Street  
London  
EC2R 8BP

#### **Solicitors**

Dentons UKMEA LLP  
1 George Square  
Glasgow  
G2 1AL

#### **Auditor**

Deloitte LLP  
Statutory Auditor  
110 Queen Street  
Glasgow  
G1 3BX  
United Kingdom

# Indigo Pipelines Holdco 1 Limited

## Strategic report

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

Indigo Pipelines Holdco 1 Limited ("The Company") is a holding company of Indigo Pipelines Holdco 2 Limited which in turn owns Indigo Pipelines Limited – collectively "the Group". Indigo Pipelines Limited is a licensed gas transporter, acquiring, owning and operating gas mains and services on new housing and commercial developments throughout the UK.

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Indigo Pipelines Holdco 1 Limited and its subsidiary undertakings when viewed as a whole.

### Strategy and Objectives

The principal activity of the Group is to act as an independent, UK based, public gas transporter. It is regulated by Ofgem, and is responsible for safely transporting gas through its networks to over 182,000 residential and commercial properties across the UK.

The Group does not sell gas to consumers but ensures it is safely and efficiently delivered to the end customer on behalf of gas suppliers.

The Group continues to build on the number of connections with customers through the acquisition of further gas connections constructed by SSE Utility Solutions Limited.

### Key Performance Indicators and Business Review

Management actively monitor the performance of the business through reviewing the services provided to it by SSE Utility Solutions Limited and measuring the financial performance and profitability of the Group.

The total number of connections owned by the Group was 182,004 at 31 March 2019 (2018: 175,063).

The operating profit for the Group to 31 March 2019 was £5,419,000 (2018: £5,427,000).

### Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group concern the quality of service delivery provided by SSE Utility Solutions Limited and ensuring the Group's network is operated 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 also manage the financial risk of the business through ensuring it continues to operate profitably and according to its business plan. Management of financial risks include the directors ensuring appropriate controls are in place with regard to 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.

The Group aims to achieve a zero harm target to life, property and the environment and this is the absolute priority of all operations.

## **Indigo Pipelines Holdco 1 Limited**

### **Strategic report (continued)**

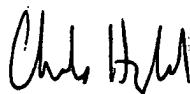
#### **Future Developments**

On 28 February 2019, Edingho Bidco Limited, a company ultimately controlled by AIP Holdings Limited, agreed to buy the entire issued share capital of Indigo Pipelines Holdco 1 Limited, from its ultimate owner, the Environmental Capital Fund LP, an infrastructure fund managed by Scottish Equity Partners LLP.

Despite the change in ultimate control and ownership, the newly appointed directors intend for the business to continue to operate in line with its financial forecasts, contractual terms and do not anticipate any material strategic changes to the current business plan.

Looking forward, the Group is well placed to grow its connections as the UK economy expands and construction activity increases. The Group has been successful in increasing its number of installed connections to over 182,000 residential and commercial properties across the UK. The Group enters 2019/20 with a strong pipeline of new gas connection opportunities and continues to build on its existing number of connections with customers through the acquisition of further gas connections constructed by SSE Utility Solutions Limited. The Board of Directors is also assessing opportunities to deliver additional growth in the number of new connections being secured.

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



Charles Hazewood  
Director

26<sup>th</sup> September 2019

# **Indigo Pipelines Holdco 1 Limited**

## **Directors' report**

The directors present their annual report on the affairs of the Company and of the Group together with the audited financial statements and auditor's report for the year ended 31 March 2019.

### **Results and dividends**

The profit for the year to 31 March 2019 amounted to £2,152,000 (2018: £3,094,000). The directors declared and paid dividends of £1,163,000 (2018: £nil) during the year.

### **Future developments**

Details of future developments can be found in the Strategic Report on page 3.

### **Directors**

The directors who served during the year and up to the date of this report were as follows unless otherwise stated:

Gary Le Sueur (Resigned 28 February 2019)  
Andrew Low (Resigned 28 February 2019)  
Antony Robison (Resigned 28 February 2019)  
Adam Delaney (Resigned 28 February 2019)  
Charles Hazelwood (Appointed 28 February 2019)  
Surinder Toor (Appointed 28 February 2019)

### **Director's indemnities**

The Group 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**

#### ***Cash flow risk***

The Group has a commitment that Indigo Pipelines Holdco 2 Limited can drawdown funds from the bank on behalf of Indigo Pipelines Limited to fund capital expenditure. 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 LIBOR, 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.

#### ***Credit risk***

The Group's principal financial assets are bank balances, trade and other debtors.

The Group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

The level of credit risk is considered to be low as the customers are primary large shippers and reputable companies of good credit standing. There is no specific concentration of credit risk amongst one customer.

# **Indigo Pipelines Holdco 1 Limited**

## **Directors' report (continued)**

### ***Political and economic risk***

The Company and Group are not subject to material risk from the decision of the United Kingdom to leave the European Union.

### ***Environmental and climate risk***

The Company and Group are not subject to material risks or opportunities related to climate change. This is continually monitored by the Board as part of the risk assessment process.

### **Going Concern**

The Board of Directors expects that the strong operational and financial performance of the Group will continue into 2019/20 and beyond, in line with its business plans.

The Group has lending arrangements in place with external borrowers, 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 continue to be profitable and cash generative going forward. The forecasts give due regard to available banking facilities and show that the Group will continue to remain within covenant requirements.

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.

### **Auditor**

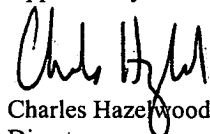
Each of the persons who is a director at the date of approval of this report confirms that:

- 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 in order 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 has expressed their willingness to continue in office as auditor. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



Charles Hazelwood  
Director

26<sup>th</sup> September 2019

## **Indigo Pipelines Holdco 1 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 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 to the members of Indigo Pipelines Holdco 1 Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Indigo Pipelines Holdco 1 Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's 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 consolidated profit and loss account;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 24.

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

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent 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**

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

## **Independent auditor's report to the members of Indigo Pipelines Holdco 1 Limited (continued)**

### **Other information**

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

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

We have nothing to report in respect of these matters.

### **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 group's and the parent 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 group or the parent 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Independent auditor's report to the members of Indigo Pipelines Holdco 1 Limited (continued)**

### **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 group and of the parent company and their 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**

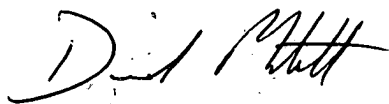
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



David Mitchell CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Glasgow, United Kingdom

26 September 2019

## Indigo Pipelines Holdco 1 Limited

### Consolidated profit and loss account For the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	18,777	16,987
Cost of Sales		(7,211)	(6,424)
<b>Gross profit</b>		<b>11,566</b>	<b>10,563</b>
Distribution costs		(4,375)	(3,966)
Administrative expenses		(1,368)	(1,170)
Exceptional costs	7	(404)	-
<b>Operating profit</b>	4	<b>5,419</b>	<b>5,427</b>
Interest receivable and similar charges	8	17	4
Interest payable and similar charges	9	(2,544)	(1,492)
<b>Profit on ordinary activities before taxation</b>		<b>2,892</b>	<b>3,939</b>
Tax charge on profit on ordinary activities	10	(740)	(845)
<b>Profit for the financial year</b>		<b>2,152</b>	<b>3,094</b>

All results are derived from the continuing operations of the Group.

The Group has no other recognised gains or losses other than the profit in both the current year and comparative period. Accordingly no consolidated statement of comprehensive income has been presented.

The accompanying notes form part of these financial statements.

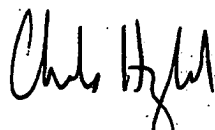
# Indigo Pipelines Holdco 1 Limited

## Consolidated balance sheet As at 31 March 2019

	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible fixed assets	14	83,774	80,538
Intangible fixed assets	13	12,808	13,659
		<u>96,582</u>	<u>94,197</u>
<b>Current assets</b>			
Cash at bank and in hand		8,231	4,546
Debtors	16	3,350	2,973
		<u>11,581</u>	<u>7,519</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(7,122)</u>	<u>(9,120)</u>
<b>Net current liabilities</b>		<u>4,459</u>	<u>(1,601)</u>
<b>Total assets less current liabilities</b>		101,041	92,596
<b>Creditors: amounts falling due after more than one year</b>	18	(66,606)	(59,514)
<b>Provisions for liabilities and charges</b>			
Deferred tax	19	<u>(2,538)</u>	<u>(2,174)</u>
<b>Net assets</b>		<u>31,897</u>	<u>30,908</u>
<b>Capital and reserves</b>			
Called up share capital	21	1,000	1,000
Share premium account	21	18,542	18,542
Capital redemption reserve	21	6,137	4,900
Profit and loss account	21	6,218	6,466
<b>Shareholders' funds</b>		<u>31,897</u>	<u>30,908</u>

The financial statements of Indigo Pipelines Holdco 1 Limited, registered number 08998658, were approved by the Board of Directors on 26<sup>th</sup> September 2019.

Signed on behalf of the Board of Directors



Charles Hazelwood  
Director

# Indigo Pipelines Holdco 1 Limited

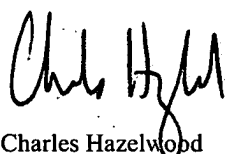
## Company balance sheet As at 31 March 2019

	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Investments	15	5,000	5,000
<b>Current assets</b>			
Cash at bank and in hand		31	4
Debtors			
- due within one year	16	85	5
- due after more than one year	16	21,420	21,420
		21,505	21,429
<b>Creditors: amounts falling due within one year</b>	17	(127)	(1,248)
<b>Net current liabilities</b>		(11)	(1,239)
<b>Total assets less current liabilities</b>		26,409	25,181
<b>Net assets</b>		26,409	25,181
<b>Capital and reserves</b>			
Called up share capital	21	1,000	1,000
Share premium account	21	18,542	18,542
Capital Redemption Reserve	21	6,137	4,900
Profit and loss account	21	730	739
<b>Shareholders' funds</b>		26,409	25,181

The profit for the financial year dealt with in the financial statements of the parent company was £2,391,000 (2018: £2,165,000).

The financial statements of Indigo Pipelines Holdco 1 Limited, registered number 08998658, were approved by the Board of Directors on 26<sup>th</sup> September 2019.

Signed on behalf of the Board of Directors



Charles Hazelwood  
Director

## Indigo Pipelines Holdco 1 Limited

### Consolidated statement of changes in equity For the year ended 31 March 2019

	Called up Share Capital £'000	Share Premium Account £'000	Capital redemption reserve £'000	Profit and Loss Account £'000	Total Equity £'000
At 1 April 2017	1,000	18,542	2,300	5,972	27,814
Profit for the financial year	-	-	-	3,094	3,094
<b>Total comprehensive income</b>					
Redemption of Redeemable Ordinary shares	-	-	2,600	(2,600)	-
At 31 March 2018	1,000	18,542	4,900	6,466	30,908
Profit for the financial year	-	-	-	2,152	2,152
<b>Total comprehensive income</b>					
Equity dividends paid	-	-	-	(1,163)	(1,163)
Redemption of Redeemable Ordinary shares	-	-	1,237	(1,237)	-
At 31 March 2019	1,000	18,542	6,137	6,218	31,897

### Company statement of changes in equity For the year ended 31 March 2019

	Called up Share Capital £'000	Share Premium Account £'000	Capital redemption reserve £'000	Profit and Loss Account £'000	Total Equity £'000
At 1 April 2017	1,000	18,542	2,300	1,174	23,016
Profit for the financial period	-	-	-	2,165	2,165
<b>Total comprehensive loss</b>					
Redemption of Redeemable Ordinary shares	-	-	2,600	(2,600)	-
At 31 March 2018	1,000	18,542	4,900	739	25,181
Profit for the financial year	-	-	-	2,391	2,391
<b>Total comprehensive income</b>					
Equity dividends paid	-	-	-	(1,163)	(1,163)
Redemption of Redeemable Ordinary shares	-	-	1,237	(1,237)	-
At 31 March 2019	1,000	18,542	6,137	730	26,409

# Indigo Pipelines Holdco 1 Limited

## Consolidated cash flow statement For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
<b>Net cash flows from operating activities</b>	22	5,236	6,618
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(5,933)	(6,848)
Purchase of intangible assets		-	(134)
Interest received		17	4
<b>Net cash flows from investing activities</b>		(5,916)	(6,978)
<b>Cash flows from financing activities</b>			
Redemption of redeemable ordinary shares at par		(1,237)	(2,600)
Dividends paid		(1,163)	-
Bank loans repaid		(47,613)	-
New bank loans raised		56,041	3,280
Bank arrangement fees		(1,663)	-
<b>Net cash flows from financing activities</b>		4,365	680
<b>Net increase in cash and cash equivalents</b>		3,686	320
<b>Cash and cash equivalents at beginning of period</b>		4,546	4,226
<b>Cash and cash equivalents at end of period</b>		8,231	4,546
<b>Reconciliation to cash at bank and in hand:</b>			
Cash at bank and in hand		8,231	4,546



# **Indigo Pipelines Holdco 1 Limited**

## **Notes to the consolidated financial statements For the year ended 31 March 2019**

### **1. Principal accounting policies**

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

Indigo Pipelines Holdco 1 Limited is a limited liability company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates. The consolidated financial statements are also presented in pounds sterling.

Indigo Pipelines Holdco 1 Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and intra-group transactions. There are no share based payment arrangements and no employees in this entity.

#### **Basis of accounting**

#### **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings for the year ended 31 March 2019 and have been prepared under the historical cost convention and in accordance with FRS 102.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

As permitted by Section 408 of the Companies Act 2006, the Profit and loss account of the company is not presented as part of these financial statements. The company's result for the year, determined in accordance with the Act was a profit after tax of £2,391,000 (2018: £2,165,000).

#### **Going concern**

The Board of Directors expects that the strong operational and financial performance of the business will continue into 2019/20 and beyond in line with its business plan.

The Group has lending arrangements in place with external borrowers, 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 profitable and cash generative going forward. The forecasts give due regard to available banking facilities and show that the Group will continue to remain within related covenant requirements.

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

#### **Turnover**

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

# **Indigo Pipelines Holdco 1 Limited**

## **Notes to the consolidated financial statements (continued) For the year ended 31 March 2019**

### **1. Principal accounting policies (continued)**

#### **Intangible Fixed Assets**

Software development costs attributable to the Group's pipeline connections database have been capitalised as intangible fixed assets and 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, as follows:

Software development costs – 5 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 on a straight-line basis over its expected useful life to nil, as follows:

Gas distribution networks - 40 years

#### **Intangible assets – goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

#### **Financial instruments**

Financial assets and financial liabilities are recognised when the Group 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 Group after deducting all of 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 balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

# **Indigo Pipelines Holdco 1 Limited**

## **Notes to the consolidated financial statements (continued) For the year ended 31 March 2019**

### **1. Principal accounting policies (continued)**

#### **(i) Financial assets and liabilities (continued)**

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 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 Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, 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) Investments**

In the Company balance sheet, investments (including investments in associates) are measured at cost less impairment.

#### **(iii) 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.

#### **(iv) Derivative financial instruments**

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

# Indigo Pipelines Holdco 1 Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 March 2019

### 1. Principal accounting policies (continued)

#### Customer contributions

Customer contributions and capital grants are recorded as deferred income and released to the profit and loss account over the estimated useful life of the related fixed asset.

#### 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 Group'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.

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.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

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 Group 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 Group 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.

# Indigo Pipelines Holdco 1 Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 March 2019

### 1. Principal accounting policies (continued)

#### **Impairment of assets**

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

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. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

#### *Financial assets*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial 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 Group 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.

### 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.

# Indigo Pipelines Holdco 1 Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 March 2019

### 3. Turnover

An analysis of the Group's turnover by class of business is set out below.

	2019 £'000	2018 £'000
Gas network transportation and meter income	18,559	16,794
Other income	218	193
	<u>18,777</u>	<u>16,987</u>

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

	2019 £'000	2018 £'000
Depreciation	2,462	2,297
Amortisation	27	7
Amortisation of goodwill	824	824
Release of deferred income in relation to customer contributions and capital grants	(592)	(592)
	<u>(592)</u>	<u>(592)</u>

The amortisation of goodwill is included in Administrative expenses

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

	2019 £'000	2018 £'000
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	6	6
The audit of the company's subsidiaries	20	20
<b>Total audit fees</b>	<u>26</u>	<u>26</u>
Taxation compliance services	13	13
Other advisory services	35	-
Ofgem reporting	2	2
<b>Total non-audit fees</b>	<u>50</u>	<u>15</u>

No services were provided pursuant to contingent fee arrangements.

### 5. Staff costs and numbers

The Company employs no staff. Prior to the change in ultimate ownership (Note 24), a monthly management charge from Scottish Equity Partners LLP of £5,000 (2018: £5,000) for services provided to the Company was recharged to the Company by a Group undertaking.

# Indigo Pipelines Holdco 1 Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 March 2019

### 6. Directors' remuneration

	2019 £'000	2018 £'000
Directors' emoluments	88	21
	<u>88</u>	<u>21</u>

Three (2018: One) directors received fees in respect of their services to the Company during the year. The highest paid director received remuneration of £40,500 (2018: £20,500). No pension contributions were paid or outstanding during the year. No directors were paid or are due to be paid based on arrangements falling within the meaning of s33F(s) Gas Act 1986.

### 7 Exceptional items

	2019 £'000	2018 £'000
Vendor due diligence costs	404	-
	<u>404</u>	<u>-</u>

One - off exceptional vendor due diligence costs totalling £404,000 (2018: £nil) were incurred during the year in connection with the change of ownership (Note 24).

### 8. Interest receivable and similar income

	2019 £'000	2018 £'000
Interest receivable from banks	17	4
Total interest receivable	<u>17</u>	<u>4</u>

# Indigo Pipelines Holdco 1 Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 March 2019

### 9. Interest payable and similar income

	2019 £'000	2018 £'000
Mark to market movement on interest rate swap	339	(456)
Amortisation of debt arrangement fees	398	271
Interest and other fees payable to banks	1,774	1,572
Interest rate hedge break costs	33	-
Transaction fees not capitalised – bank facility extension	-	105
<b>Total interest payable</b>	<b>2,544</b>	<b>1,492</b>

### 10. Taxation

	2019 £'000	2018 £'000
<b>Current tax:</b>		
United Kingdom corporation tax	376	338
<b>Total corporation tax</b>	<b>376</b>	<b>338</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	407	567
Effect of change in tax rate	(43)	(60)
<b>Total deferred tax</b>	<b>364</b>	<b>507</b>
<b>Total tax on profit on ordinary activities</b>	<b>740</b>	<b>845</b>

The charge for the period can be reconciled to the profit per the profit and loss account as follows:

	2019 £'000	2018 £'000
Profit before tax	2,892	3,939
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2018: 19%)	549	748
Effects of:		
Expenses not deductible	234	269
Income not taxable	-	(112)
Effect of change in tax rate	(43)	(60)
<b>Tax charge for the period</b>	<b>740</b>	<b>845</b>

The main rate of corporation tax was reduced from 20% to 19% from 1 April 2017. The 2016 Finance Bill was substantively enacted on 6 September 2016 and announced that the U.K corporation tax bill will be reduced to 17% by 2020. Existing timing differences on which deferred tax has been provided may therefore unwind in periods subject to this reduced rate. The deferred tax liability at 31 March 2019 has therefore been calculated having regard to the rate of 17% substantively enacted at the balance sheet date.



# Indigo Pipelines Holdco 1 Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 March 2019

### 11. Profit attributable to the Company

The profit for the financial period dealt with in the financial statements of the parent company was £2,391,000 (2018: £2,165,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company.

### 12. Dividends

Dividends paid during the year:

	2019 £'000	2018 £'000
Interim dividend of £1.16 (2018: £nil) per ordinary share	1,163	-

### 13. Intangible fixed assets Group

	IT costs £'000	Goodwill £'000	Total £'000
<b>Cost</b>			
At 1 April 2018	134	16,485	16,619
Additions	-	-	-
At 31 March 2019	134	16,485	16,619
<b>Amortisation</b>			
At 1 April 2018	7	2,953	2,960
Charge for the year	27	824	851
At 31 March 2019	34	3,777	3,811
<b>Net book value</b>			
At 31 March 2019	100	12,708	12,808
At 31 March 2018	127	13,532	13,659

Goodwill purchased on the acquisition of Indigo Pipelines Limited during 2014 is being amortised over 20 years.

### 14. Tangible fixed assets

## Indigo Pipelines Holdco 1 Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 March 2019

	Computer Equipment	Gas Network Assets	Total
	£'000	£'000	£'000
<b>Cost:</b>			
At 1 April 2018	-	96,537	96,537
Additions	4	5,694	5,698
At 31 March 2019	4	102,231	102,235
<b>Depreciation:</b>			
At 1 April 2018	-	15,999	15,999
Charge for the year	-	2,462	2,462
At 31 March 2019	-	18,461	18,461
<b>Net book value</b>			
At 31 March 2019	4	83,770	83,774
At 31 March 2018	-	80,538	80,538

As at 31 March 2019, the Group had committed to pay circa £752,000 (2018: £987,000) for new gas connections that were energised in the month of March 2019. The Group is charged on a quarterly basis and the connections for March 2019 will not be invoiced until the end of June 2019 when the value can be ascertained. These have been accrued for at the estimated cost of £752,000 (2018: £987,000) and included within additions above.

#### 15. Fixed asset investments

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Subsidiary undertaking		5,000	-	5,000

#### Principal Group investments

The parent company and the Group have investments in the following UK incorporated subsidiary undertakings, associates and other investments which principally affected the profits or net assets of the Group.

Subsidiary undertakings	% holding ordinary shares	Principal activity	Registered office
Indigo Pipelines Holdco 2 Limited	100	Holding Company	Loddon Reach Reading Road, Arborfield, Reading, Berkshire, RG2 9HU
Indigo Pipelines Limited*	100	Gas Transporter	Loddon Reach Reading Road, Arborfield, Reading, Berkshire, RG2 9HU

\*Held by Indigo Pipelines Holdco 2 Limited

The directors believe that the carrying value of the investments is supported by their net assets.

## Indigo Pipelines Holdco 1 Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 March 2019

#### 16. Debtors

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
<b>Amounts falling due within one year</b>				
Trade debtors	87	-	58	-
Amounts due from group undertakings	-	-	-	-
Prepayments and accrued income	1,776	80	1,520	-
Other debtors	1,487	-	1,395	3
Group relief receivable	-	5	-	2
	<u>3,350</u>	<u>85</u>	<u>2,973</u>	<u>5</u>
<b>Amounts falling due after more than one year</b>				
Loans from subsidiary undertakings	-	21,420	-	21,420

#### 17. Creditors: amounts falling due within one year

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Redeemable ordinary shares	-	-	1,237	1,237
Trade creditors	3,887	96	4,582	-
Accruals and deferred income	2,900	21	2,884	11
Corporation tax	208	-	175	-
Other creditors	127	10	89	-
Derivative financial instrument (Note 20)	-	-	153	-
	<u>7,122</u>	<u>127</u>	<u>9,120</u>	<u>1,248</u>

The Company issued 5,000,000 and 1,137,380 £1 Redeemable Ordinary shares on 1 September 2014 and 20 November 2014 respectively at par value. The shares rank *pari passu* in all respects with the Ordinary Shares (Note 19) except that they may be redeemed at any time upon the written request of either the holder or the Company. The Company has subsequently redeemed all of the Redeemable Ordinary shares at par as follows: 29 March 2017 - 2,300,000 £1 Redeemable Ordinary shares at par, 15 December 2017 - 1,600,000 £1 Redeemable Ordinary shares at par, 29 March 2018 - 1,000,000 £1 Redeemable Ordinary shares at par, 28 September 2018 - 1,237,000 £1 Redeemable Ordinary shares at par.

## Indigo Pipelines Holdco 1 Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 March 2019

#### 18. Creditors: amounts falling due after more than one year

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Bank loans	50,000	-	41,572	-
Debt issue costs after amortisation	(1,620)	-	(384)	-
Derivative financial instruments (note 20)	492	-	-	-
Accruals and deferred income	17,734	-	18,326	-
	<u>66,606</u>	<u>-</u>	<u>59,514</u>	<u>-</u>
			<b>Group 2019 £'000</b>	<b>Group 2018 £'000</b>
Bank loans				
Amounts due less than one year			-	-
Between one and two years			-	41,572
Between two and five years			50,000	-
			<u>50,000</u>	<u>41,572</u>

During the year the company refinanced its debt facilities, repaying all existing bank loans. The new facility comprises a fully drawn term facility, together with additional facilities available but undrawn at the period end. The new loan agreement was entered into on 14 March 2019 and is repayable in one instalment on the 5<sup>th</sup> anniversary of the agreement. Interest is charged at a margin over LIBOR and the facilities are secured by fixed and floating charges by the Company and guarantees from other group undertakings.

Interest is charged at a margin over LIBOR, however in relation to the acquisition facility, Indigo Pipelines Holdco 2 Limited has entered into a hedging instrument to fix future interest rate payments (note 20). The facilities are secured by fixed and floating charges.

## Indigo Pipelines Holdco 1 Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 March 2019

#### 19. Deferred taxation

	2019 £'000	2018 £'000
<b>Group</b>		
Provision at start of year	2,174	1,667
Charged to profit & loss account	364	507
Provision at end of year	<u>2,538</u>	<u>2,174</u>
Deferred tax is provided as follows:		
	2019 £'000	2018 £'000
<b>Group</b>		
Accelerated capital allowances	2,538	2,200
Other timing differences	-	(26)
<b>Provision for deferred tax</b>	<u>2,538</u>	<u>2,174</u>

Deferred tax assets and liabilities are offset only where the Group 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 Group. A deferred tax asset at 31 March 2019 £nil (2018: £nil) has not been recognised as it relates to losses incurred prior to the acquisition of Indigo Pipelines Limited and the directors do not believe it is highly probable that this loss will be utilised.

#### 20. Derivative financial instruments

Interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

##### Interest rate swap contracts

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

Average contract fixed interest rate	Notional principal value			Fair value	
	2019 %	2019 £	2018 %	2019 £	2018 £
Pay fixed, received floating					
Less than one year	-	-	1.887%	-	153
Pay fixed, received floating					
2 to 5 years	1.272%	50,000	-	492	-
		<u>50,000</u>		<u>492</u>	<u>153</u>

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three months' LIBOR. The Group will settle the difference between the fixed and floating interest rate on a net basis.

A loss of £339,000 (2018: Profit - £456,000) has been recognised in the profit and loss account relating to the measurement in the fair value of derivative liabilities during the period.

# Indigo Pipelines Holdco 1 Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 March 2019

### 21. Called up share capital and reserves

	2019 £	2018 £
<b>Allotted called up and fully paid:</b>		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

The Group and Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The Capital Redemption Reserve was created following the redemption of Redeemable Ordinary Shares purchased wholly out of the Company's distributable reserves.

### 22. Cash flow statement

#### Reconciliation of operating profit to cash generated by operations:

	2019 £'000	2018 £'000
Operating profit	5,419	5,427
Adjustment for:		
Amortisation of goodwill	824	824
Depreciation	2,462	2,297
Amortisation	27	7
Release of customer contributions and capital grants	<u>(592)</u>	<u>(592)</u>
Operating cash flow before movement in working capital	8,140	7,963
Increase in debtors	(348)	(268)
(Decrease)/Increase in creditors	<u>(406)</u>	<u>930</u>
Cash generated by operations	7,386	8,625
Interest paid	(1,807)	(1,677)
Income taxes paid	<u>(343)</u>	<u>(330)</u>
<b>Net cash from operating activities</b>	<u><u>5,236</u></u>	<u><u>6,618</u></u>

## **Indigo Pipelines Holdco 1 Limited**

### **Notes to the consolidated financial statements (continued) For the year ended 31 March 2019**

#### **23. Related party transactions**

Prior to the acquisition of Indigo Pipelines Limited, the company was owned by SSE plc. All overhead services were recharged from SSE plc to the company in the ordinary course of business. After the company was acquired by Indigo Pipelines Holdco 2 Limited, the company entered a Management Services Agreement (MSA), a Metering Agreement (MA) and Master Development Contract (MDC) with SSE Utility Solutions Limited (a group undertaking of SSE plc). As a result of this arrangement, Indigo Pipelines Limited earned a management fee of £218,000 (2018: £193,000) from SSE Utility Solutions. Gross amounts owing for the MSA, MA and MDC at 31 March 2019 were £493,456, £2,127,836 and £1,160,324 respectively (2018: £465,456, £1,899,832 and £2,205,200 respectively).

Prior to the change in immediate parent company (see Note 24) there was a monthly management charge in the ordinary course of business that passed through the Group from Scottish Equity Partners LLP. The total of this recharge for the period was £55,000 (2018: £60,000). As at 31 March 2019 £nil (2018: nil) was due outstanding with Scottish Equity Partners LLP at the year end.

#### **24. Ultimate controlling party**

On 28 February 2019, Edingho BidCo Limited acquired the entire issued share capital of Indigo Pipelines Holdco 1 Limited., from the Environmental Capital Fund LP, an infrastructure fund managed by Scottish Equity Partners LLP.

Edingho BidCo Limited is the immediate 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.

Indigo Pipelines Holdco 1 Limited's consolidated financial statements represent the smallest and largest group to consolidate these financial statements.