

Company Registration No. 06684589 (England and Wales)

**LEEP ELECTRICITY NETWORKS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**



# LEEP ELECTRICITY NETWORKS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Victoria Manfredi Timothy Power Lee Kitchen David Owens	(Appointed 5 April 2022) (Appointed 19 June 2021)
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<b>Company number</b>	06684589
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<b>Registered office</b>	Level 2 Metro 33 Trafford Road Manchester United Kingdom M5 3NN
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<b>Auditor</b>	Deloitte LLP The Hanover Building Corporation Street Manchester United Kingdom M4 4AH
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<b>Bankers</b>	The Royal Bank of Scotland Plc St Ann Square PO Box 320 Manchester M60 2SS
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# **LEEP ELECTRICITY NETWORKS LIMITED**

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# LEEP ELECTRICITY NETWORKS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2022

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

The directors' report has been prepared in accordance with the provisions applicable to the small companies exemption. Accordingly a strategic report has not been prepared.

The company meets the definition of a small entity under the Companies Act 2006 and has therefore taken advantage of the reduced disclosure requirements including the presentation of a cash flow statement.

#### Principal activities

The principal activity of the company continued to be that of provision of electricity services.

#### Going concern

The directors have concluded, after making enquiries, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the next 12 months and therefore they continue to adopt the going concern basis in preparing the financial statements.

Leep Electricity Networks Limited has net assets of £901,196 (2021: £264,905) stated after amounts owed to group undertakings of £3,637,613 (2021: £3,821,657). The Directors have sought confirmation that this will not be called up to the detriment of Leep Electricity Networks Limited and therefore consider it appropriate to prepare the accounts on a going concern basis.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 1 of the financial statements.

In making this statement, the directors have received confirmation from the relevant associated group undertakings that any liabilities due will not be called up in the next twelve months to the detriment of the company.

#### Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the directors. The company does not use derivative financial instruments for speculative purposes.

#### Cash flow risk

The company has no exposure to either foreign currency risk or interest rate risk.

#### Credit Risk

The company's principal financial assets are group loans which are risk - free in the context of this group. Here group is taken to be the entities controlled by Leep Utilities Topco and included within the consolidated accounts thereof.

Trade debtors as presented in the notes to the Balance Sheet are net of provisions for doubtful debts. A provision for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

#### Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company can rely on appropriate funding from the group it belongs to.

#### Future developments

The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the coming year.

#### Directors' indemnities

The company 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.

# LEEP ELECTRICITY NETWORKS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2022**

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### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Victoria Manfredi

Timothy Power

Lee Kitchen

(Appointed 5 April 2022)

David Owens

(Appointed 19 June 2021)

### Results and dividends

The profit before tax for the year is £992,645 (2021: £599,796), it has increased due an increase in the number of connections and consumption levels.

There were no dividends paid or declared (2021: £nil).

### Auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### 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;
- 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.

### Statement of disclosure to auditor

In the case of each director in office at the date the Directors' Report is approved:

so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

they have 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 auditors are aware of that information.

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

# **LEEP ELECTRICITY NETWORKS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2022***

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This report was approved by the board on 13 December 2022 and signed on its behalf.



Lee Kitchen  
Director

# **LEEP ELECTRICITY NETWORKS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF LEEP ELECTRICITY NETWORKS LIMITED**

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

##### **Opinion**

In our opinion the financial statements of Leep Electricity Networks 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 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 profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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.

# **LEEP ELECTRICITY NETWORKS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF LEEP ELECTRICITY NETWORKS LIMITED**

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#### **Other information**

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

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

We have nothing to report in this regard.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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



# LEEP ELECTRICITY NETWORKS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF LEEP ELECTRICITY NETWORKS LIMITED

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#### **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 UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licence and regulatory requirements.

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

As a result of performing the above, we identified the greatest potential for fraud within revenue recognition due to pressures to meet stakeholder expectations could provide incentives to record revenue where risk and reward have not passed. Our specific procedures performed to address the risk are described below:

- Accuracy of the recording of revenue transactions through cut-off, by agreeing a sample of transactions both pre and post year end to the underlying invoice and consumption reports and ensuring these have been appropriately recorded within the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

reading minutes of meetings of those charged with governance.

#### **Report on other legal requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 material misstatements in the directors' report.

# LEEP ELECTRICITY NETWORKS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF LEEP ELECTRICITY NETWORKS LIMITED

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#### Matters on which we are required to report by exception

Under the Companies Act 2006 requires us to report to you 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

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.



**Rachel Argyle (Senior Statutory Auditor)**  
**for and on behalf of Deloitte LLP**  
**Statutory Auditor**  
**Manchester**  
**United Kingdom**

14 December 2022  
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# LEEP ELECTRICITY NETWORKS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	3,384,952	2,311,689
Cost of sales		(1,775,485)	(1,229,883)
<b>Gross profit</b>		<b>1,609,467</b>	<b>1,081,806</b>
Administrative expenses		(570,595)	(437,083)
<b>Operating profit</b>	4	<b>1,038,872</b>	<b>644,723</b>
Interest receivable and similar income		401	-
Interest payable and similar expenses	6	(46,628)	(44,927)
<b>Profit before taxation</b>		<b>992,645</b>	<b>599,796</b>
Tax on profit	7	(356,354)	(152,359)
<b>Profit for the financial year</b>		<b>636,291</b>	<b>447,437</b>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

There are no other gains and losses than as presented in the above profit and loss account, and accordingly, no separate statement of comprehensive income is presented.

# LEEP ELECTRICITY NETWORKS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	8	15,356,141		9,516,272	
<b>Current assets</b>					
Debtors	9	758,248		476,459	
Cash at bank and in hand		172,517		370,285	
		930,765		846,744	
<b>Creditors: amounts falling due within one year</b>	10	(15,159,219)		(10,098,111)	
<b>Net current liabilities</b>		(14,228,454)		(9,251,367)	
<b>Total assets less current liabilities</b>		1,127,687		264,905	
<b>Provisions for liabilities</b>	11	(226,491)		-	
<b>Net assets</b>		901,196		264,905	
<b>Capital and reserves</b>					
Called up share capital	12	1		1	
Profit and loss account		901,195		264,904	
<b>Shareholder funds</b>		901,196		264,905	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A-small entities.

The financial statements were approved by the board of directors and authorised for issue on 13 December 2022 and are signed on its behalf by:



Lee Kitchen  
Director

Company Registration No. 06684589

# LEEP ELECTRICITY NETWORKS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

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	Share capital £	Profit and loss account £	Total £
Balance at 1 April 2020	1	(182,533)	(182,532)
Year ended 31 March 2021:			
Profit and total comprehensive income for the year	-	447,437	447,437
Balance at 31 March 2021	1	264,904	264,905
Year ended 31 March 2022:			
Profit and total comprehensive income for the year	-	636,291	636,291
Balance at 31 March 2022	1	901,195	901,196

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# LEEP ELECTRICITY NETWORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies

#### Company information

Leep Electricity Networks Limited is a private company limited by shares incorporated in the United Kingdom, registered in England and Wales under Companies Act 2006. The registered office is Level 2, Metro 33 Trafford Road, Manchester, United Kingdom, M5 3NN.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

The directors have received confirmation that Leep Utilities Topco Limited ("Leep"), the division's holding company, will continue to provide the necessary level of support to enable the company to continue to operate for the next 12 months. In considering the ability of Leep to provide any necessary support in the context of the uncertainties it faces as a result of the current economic climate, the directors have obtained an understanding of Leep's forecasts, the continuing availability of its facilities and its strategic and contingent plans.

The board have considered the appropriateness of the going concern basis given the fact the company is in a net current liability position. However, we note that this is due to intragroup borrowings, and understand this will not be called up to the detriment of the business.

Leep Electricity Networks Limited has net assets of £901,196 (2021: £264,905) stated after amounts owed to group undertakings of £3,637,613 (2021: £3,821,657). The Directors have sought confirmation that this will not be called up to the detriment of Leep Electricity Networks Limited and therefore consider it appropriate to prepare the accounts on a going concern basis. The company has net current liabilities of £14,228,454 (2021: £9,251,367).

Taking all these factors into account, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the next 12 months and therefore continue to adopt the going concern basis in preparing the annual report and financial statements.

#### 1.3 Turnover

Turnover represents amount receivable for electricity services supplied net of VAT and is recognised as services are provided.

# LEEP ELECTRICITY NETWORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies

(Continued)

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and machinery	40 years
Computer Equipment	5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# LEEP ELECTRICITY NETWORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies

(Continued)

#### 1.7 Financial Instruments (continued)

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial 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.

##### **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.

##### **Classification of financial liabilities**

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 of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.



# LEEP ELECTRICITY NETWORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies

(Continued)

#### 1.8 Taxation

##### **Current tax**

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

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

#### 1.9 Taxation (continued)

##### **Deferred tax**

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.

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 Company 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 non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

# LEEP ELECTRICITY NETWORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies

(Continued)

#### 1.9 Related party transactions

The company has taken advantage of the exemption in Section 33 of FRS 102 and has not disclosed details of transactions with fellow wholly owned undertakings within the Leep Utilities Topco Limited group of companies.

#### 1.10 Prepaid development costs

Prepaid development costs are for the legal fees associated with new assets that are not yet generating income.

### 2 Judgements and key sources of estimation uncertainty

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

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

#### Critical judgements in applying the company's accounting policies

The directors do not consider there to be any critical accounting judgements that must be applied.

#### Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The directors do not consider there to be any estimates or assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

### 3 Turnover

	2022 £	2021 £
<b>Turnover analysed by class of business</b>		
Supply and provision of electricity	3,384,952	2,311,688

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	331,009	262,069

# LEEP ELECTRICITY NETWORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 4 Operating profit

(Continued)

The auditor's remuneration of £5,000 (2021: £5,000) for audit work was borne by Leep Holdings (Utilities) Limited, a group company and was not recharged. There has been no remuneration in the year for non-audit services (2021: same).

### 5 Employees

There were no employees during the year apart from the directors (2021: none).

The directors remuneration is borne by Leep Holdings (Utilities) Limited, a group company and is not recharged as no fair apportionment can be determined.

### 6 Interest payable and similar expenses

	2022 £	2021 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts	54	112
Interest payable to group undertakings	46,574	44,815
	<u>46,628</u>	<u>44,927</u>

### 7 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current year	244,071	152,359
Adjustments in respect of prior years	(114,208)	-
Total current tax	<u>129,863</u>	<u>152,359</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(30,287)	-
Adjustment in respect of previous periods	202,422	-
Effect of changes in tax rates	54,356	-
Total deferred tax	<u>226,491</u>	<u>-</u>
Total tax charge	<u>356,354</u>	<u>152,359</u>

# LEEP ELECTRICITY NETWORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 7 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	992,645	599,796
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	188,603	113,961
Tax effect of expenses that are not deductible in determining taxable profit	26,866	48,834
Tax effect of income not taxable in determining taxable profit	(1,686)	-
Adjustments in respect of prior years	88,215	(33)
Deferred tax not provided	-	(10,403)
Tax rate changes	54,356	-
Taxation charge for the year	356,354	152,359

The Finance Bill 2021 which increased the rate of corporation tax to 25% on profits over £250,000 from April 2023 was substantively enacted on 24 May 2021. As a result, deferred taxes in the United Kingdom at 31 March 2022 are re-measured at 25% and the impact of the change has been £54,356.

### 8 Tangible fixed assets

	Plant and machinery £	Computer Equipment £	Total £
<b>Cost</b>			
At 1 April 2021	10,057,307	361,215	10,418,522
Additions	6,170,878	-	6,170,878
At 31 March 2022	16,228,185	361,215	16,589,400
<b>Depreciation</b>			
At 1 April 2021	582,951	319,299	902,250
Depreciation charged in the year	308,078	22,931	331,009
At 31 March 2022	891,029	342,230	1,233,259
<b>Carrying amount</b>			
At 31 March 2022	15,337,156	18,985	15,356,141
At 31 March 2021	9,474,356	41,916	9,516,272

# LEEP ELECTRICITY NETWORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 9 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	82,752	238,910
Prepaid development costs	121,954	96,520
Other debtors	-	66,256
Prepayments	74,582	74,773
Accrued income	478,960	-
	<u>758,248</u>	<u>476,459</u>

### 10 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	77,791	107,469
Amounts owed to group undertakings	3,637,613	3,821,657
Group relief payable	152,359	152,359
Other creditors	10,166,766	5,575,613
Accruals	1,124,690	441,012
	<u>15,159,219</u>	<u>10,098,110</u>

Included in amounts owed from group companies are £2,482,950 (2021: £2,796,857) which carry interest of 1.5% above base rate (2021: 1.5%) per annum charged on the outstanding loan balance. The remainder does not carry interest and the whole amount is repayable on demand.

Included in other creditors are outstanding liabilities for the purchase of plant and machinery.

### 11 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
<b>Balances:</b>		
Fixed asset timing differences	<u>226,491</u>	<u>-</u>

# LEEP ELECTRICITY NETWORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 11 Deferred taxation

(Continued)

	<b>2022</b>
<b>Movements in the year:</b>	<b>£</b>
Liability at 1 April 2021	-
Adjustment in respect of prior years	202,422
Deferred tax charge for the period	24,069
	<hr/>
Liability at 31 March 2022	226,491
	<hr/>

We do not expect there to be a material impact on the following year tax charge as a result from the deferred tax balances disclosed above.

### 12 Called up share capital

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1 Ordinary share of £1 each	1	1
	<hr/>	<hr/>

The company has one class of ordinary shares which carry no right to fixed income.

### 13 Controlling party

The immediate parent company is Leep Utilities Electricity Limited.

Leep Utilities Topco Limited is the ultimate parent company undertaking and is the largest and smallest group to consolidate these accounts. A copy of the consolidated accounts is available from its registered office at Grenville Street, St Helier, Jersey, JE4 8PX.

The Company is ultimately controlled by Ancala UK Infrastructure Platform B LP, who does not prepare consolidated accounts for public use.