Registered number: 04508881 (England and Wales)

CalEnergy Resources Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2023

CalEnergy Resources Limited
Contents

Company Information	1
Strategic Report	2
Directors' Report	3 to 6
Independent Auditor's Report	7 to 11
Statement of Profit or Loss	12
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements	17 to 45

CalEnergy Resources Limited
Company Information

Directors	T H France A P Jones P A Jones
Company Secretary	J C Riley
Registered office	Lloyds Court 78 Grey Street Newcastle upon Tyne, England NE1 6AF
Registered number	04508881 (England and Wales)
Auditor	Deloitte LLP Statutory auditor London United Kingdom

CalEnergy Resources Limited
Strategic Report for the Year Ended 31 December 2023

The directors present the annual reports and financial statements for the year ended 31 December 2023 of CalEnergy Resources Limited (the "Company"), which have been drawn up and presented in accordance with the Companies Act 2006.

BUSINESS REVIEW

The Company is part of the Northern Powergrid Holdings Company and its subsidiaries group of companies (the "Northern Powergrid Group"). The Company generates revenue from intercompany recharges of staff costs and acts as a holding company for investments in oil and gas, and renewables assets through CalEnergy Resources (Australia) Limited, CalEnergy Gas Limited, CalEnergy Resources (UK) Limited, CalEnergy Resources (Poland) Sp. z o. o. and NewGen Drilling Pty Limited which are wholly-owned subsidiaries.

KEY PERFORMANCE INDICATORS

The directors manage the Company's operations on a Northern Powergrid Group basis. Accordingly, the development, performance and position of the Company, are discussed in the annual report and financial statements of Northern Powergrid Holdings Company.

PRINCIPAL RISKS & UNCERTAINTIES

Details regarding the main features of the Northern Powergrid Group's internal control and risk management systems can be found in the annual reports and financial statements of Northern Powergrid Holdings Company for the year to 31 December 2023.

SECTION 172(1) STATEMENT

The information pursuant to Section 414CZA of the Companies Act 2006 which describes how the directors have had regard to the matters set out in Section 172(1) (a) to (f) when performing their duty under Section 172 is set out below:
(a) The likely consequences of any decision in the long-term. Decisions are made with due regard to the principal activity of the Company and the wider impact upon the Northern Powergrid Group.
the interests of the Company's employees. The relationship with employees is managed on a Northern Powergrid Group basis. Further detail is therefore provided in the annual report and financial statements of Northern Powergrid Holdings Company.
(b) The interests of the Company's employees. The relationship with employees is managed on a Northern Powergrid Group basis. Further detail is therefore provided in the annual report and financial statements of Northern Powergrid Holdings Company.
(c) The need to foster the Company's business relationships with suppliers, customers and others. The Company does not have customers or interact with suppliers.
(d) The impact of the Company's operations on the community and the environment. The Company's operation has negligible impact on the community and environment.
(e) The desirability of the Company maintaining a reputation for high standards of business conduct. In common with Northern Powergrid Group, the Company has adopted the Berkshire Hathaway Energy Company's Core Principles which includes Regulatory Integrity. This requires that the Company's affairs are managed in accordance with the highest behavioural standards and adherence to a policy of strict compliance with all relevant standards, legislation and regulatory conditions.
(f) The need to act fairly between members of the Company. The Company has two classes of shares which are held by CalEnergy Gas (Holdings) Limited.

Approved by the Board on 30 September 2024 and signed on its behalf by:

A P Jones
Director

CalEnergy Resources Limited
Directors' Report for the Year Ended 31 December 2023

The directors present their report of CalEnergy Resources Limited (the "Company") for the year ended 31 December 2023.

Dividends
During the year no interim dividend was paid (2022: £nil). The directors recommend that no final dividend be paid in respect of the year (2022: £nil).

Directors of the Company
The directors, who held office during the year and up to the date of signing, were as follows:

T H France
A P Jones
P A Jones

During the year, none of the directors had an interest in any contract which was material to the business of the Company.

During the year and up to the date of approval of the Directors' Report, an indemnity contained in the Company's Articles of Association was in force for the benefit of the directors of the Company and as directors of associated companies, which was a qualifying third-party indemnity provision for the purposes of the Companies Act 2006.

Future developments and future outlook
There have been no significant events since the year-end. The Company will continue to act as an investment company. There are no plans to change the existing business model.

Financial risk management
Details of financial risks are covered in Note 20, within the notes to the financial statements.

Research and development
The Company does not undertake research and development.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. 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, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Going Concern

A review of the Company's financial risk management objectives, details of its exposures to trading risk, credit risk and liquidity risk are set out in the appropriate Notes to the financial statements.

The Northern Powergrid Group is financed both in its operating companies and in other entities within the Northern Powergrid Group, and companies may lend within the Northern Powergrid Group. For that reason, financial health is considered with reference to the Northern Powergrid Group. Those entities with net current liabilities position obtain a letter of support from Northern Powergrid Holdings Company.

When considering continuing to adopt the going concern basis in preparing the annual reports and financial statements, the directors have taken into account a number of factors, including the following:

- The Northern Powergrid Group's main subsidiaries, Northern Powergrid (Yorkshire) plc and Northern Powergrid (Northeast) plc, are stable electricity distribution businesses operating an essential public service and are regulated by the Gas and Electricity Markets Authority ("GEMA"). In carrying out its functions, GEMA has a statutory duty under the Electricity Act 1989 to have regard to the need to secure that licence holders are able to finance the activities, which are the subject of obligations under Part 1 of the Electricity Act 1989 (including the obligations imposed by the electricity distribution licence) or by the Utilities Act 2000;
- The Northern Powergrid Group is profitable with strong underlying cash flows. Northern Powergrid Holdings Company, Northern Powergrid (Yorkshire) plc and Northern Powergrid (Northeast) plc hold investment grade credit ratings;
- The Northern Powergrid Group is financed by long-term borrowings with an average maturity of 17 years and has access to short-term committed borrowing facilities of £242 million provided by Barclays Bank plc, Lloyds Bank plc, HSBC UK Bank plc and Royal Bank of Canada;
- The Northern Powergrid Group benefits from strong investment-grade credit ratings which allow access to a range of financing options. A successful bond issue by the Northern Powergrid Group in November 2023, demonstrated that the Northern Powergrid Group's bonds remain attractive to investors and there is an active market with strong appetite to invest;
- The Northern Powergrid Group has prepared forecasts which taking into account reasonable possible changes in trading performance, show that the Northern Powergrid Group has sufficient resources to settle its liabilities as they fall due for at least the 12 months from the date these financial statements were authorised for issue. The directors have had discussions with the bank who have indicated that they would continue to provide the short-term facilities to the Northern Powergrid Group for the foreseeable future on acceptable terms; and
- Consideration was also given to the obligations contained in the Northern Powergrid (Yorkshire) plc and Northern Powergrid (Northeast) plc licences to provide Ofgem with annual certificates, confirming that the directors have a reasonable expectation that the Northern Powergrid Group will have sufficient financial and operational resources available for the continuation of business for a period of at least 12 months from the date of approving the financial statements. The board determined any material variations to the assumptions used when providing those certificates were unlikely.

Consequently, after making their assessment, the directors have a reasonable expectation that the Company and the Northern Powergrid Group has adequate resources to continue in operational existence and meet its liabilities as they fall due over the going concern period. In addtion, a letter of support was received from Northern Powergrid Holdings Company. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Statement as to disclosure of information to auditor

Each of the directors, who is a director of the Company as at the date of this report, confirms that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the 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.

Resignation and appointment of auditor

In accordance with the auditor rotation requirements of the Statutory Auditors and Third Country Auditors Regulations 2016, Deloitte LLP will resign from office and the directors will put a resolution to the Company's shareholder recommending the appointment of KPMG

Approved by the Board on 30 September 2024 and signed on its behalf by:

A P Jones
Director

CalEnergy Resources Limited
Independent Auditor's Report to the Members of CalEnergy Resources Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CalEnergy Resources Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit or loss;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law, and United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the IASB.

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.

CalEnergy Resources Limited
Independent Auditor's Report to the Members of CalEnergy Resources Limited (continued)

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

CalEnergy Resources Limited
Independent Auditor's Report to the Members of CalEnergy Resources Limited (continued)

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 and internal audit 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, pensions legislation and 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.

We discussed among the audit engagement team including relevant internal specialists such as tax specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

Revenue recognition, occurrence, is a fraud risk due to the potential incentive to improve the view of entity performance: we have agreed the revenue recognised in totality through to the books and records of the relevant counterparties.

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, internal audit and in-house / external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
• reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinion 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 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 our 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.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required too report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report; 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.

Anthony Matthews

Anthony Matthews FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor
London
United Kingdom

30 September 2024

CalEnergy Resources Limited
Statement of Profit or Loss for the Year Ended 31 December 2023

	Note	2023 £ 000	(As restated) 2022 £ 000
Revenue	3, 2	1,516	1,376
Administrative expenses		(1,590)	(1,333)
Operating (loss)/profit	5	(74)	43
Other (losses)/gains	4	(116,891)	33,159
Finance costs	7	(26,726)	(14,168)
Finance income	7	23,094	13,328
(Loss)/profit before tax		(120,597)	32,362
Income tax credit	9	1,418	3,133
(Loss)/profit for the year		(119,179)	35,495

CalEnergy Resources Limited
Statement of Comprehensive Income for the Year Ended 31 December 2023

	2023 £ 000	2022 £ 000
(Loss)/profit for the year	(119,179)	35,495
Total comprehensive income/(expense) for the year	(119,179)	35,495

CalEnergy Resources Limited
(Registration number: 04508881)
Statement of Financial Position as at 31 December 2023

	Note	31 December 2023 £ 000	(As restated) 31 December 2022 £ 000
Assets			
Non-current assets			
Property, plant and equipment	10	173	204
Investments in subsidiaries, joint ventures and associates	11	119,394	119,394
Deferred tax assets	9	17	43
Trade and other receivables	12	133,412	182,990
		252,996	302,631
Current assets			
Trade and other receivables	12	114,093	153,833
Income tax asset	9	843	-
Cash and cash equivalents	13	129	58
		115,065	153,891
Total assets		368,061	456,522
Equity and liabilities			
Equity			
Share capital	14	(132,901)	(132,901)
Share premium		(1,847)	(1,847)
Retained earnings	15	183,459	64,280
Total equity		48,711	(70,468)
Non-current liabilities			
Loans and borrowings	16	(283,345)	(264,110)
Current liabilities			
Trade and other payables	17	(485)	(503)
Loans and borrowings	16	(132,942)	(120,841)
Income tax liability	9	-	(600)
		(133,427)	(121,944)
Total liabilities		(416,772)	(386,054)
Total equity and liabilities		(368,061)	(456,522)

Approved by the Board on 30 September 2024 and signed on its behalf by:

A P Jones
Director

CalEnergy Resources Limited
Statement of Changes in Equity for the Year Ended 31 December 2023

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2023	132,901	1,847	(64,280)	70,468
Loss for the year	-	-	(119,179)	(119,179)
Total comprehensive income	-	-	(119,179)	(119,179)
At 31 December 2023	132,901	1,847	(183,459)	(48,711)

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	17,901	1,847	(99,775)	(80,027)
Profit for the year	-	-	35,495	35,495
Total comprehensive expense	-	-	35,495	35,495
New share capital subscribed	115,000	-	-	115,000
At 31 December 2022	132,901	1,847	(64,280)	70,468

CalEnergy Resources Limited
Statement of Cash Flows for the Year Ended 31 December 2023

	Note	2023 £ 000	2022 £ 000
Cash flows from operating activities			
(Loss)/profit for the year		(119,179)	35,495
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	82	66
Estimated credit loss/(release) of loans to group undertakings	4	116,891	(33,159)
Finance income	7	(23,094)	(13,328)
Finance costs	7	26,726	14,168
Income tax credit	9	(1,418)	(3,133)
		8	109
Increase in trade and other receivables	12	(37)	(81)
(Decrease)/increase in trade and other payables	17	(17)	150
Cash (used in)/from operations		(46)	178
Income taxes received	9	-	703
Net cash flow (used in)/from operating activities		(46)	881
Cash flows from investing activities			
Movement in related party receivables		(27,536)	(41,070)
Increase in investment of subsidiaries	11	-	(115,000)
Acquisitions of property plant and equipment	10	(51)	(83)
Interest received	7	23,094	13,328
Net cash flows used in investing activities		(4,493)	(142,825)
Cash flows from financing activities			
Movement in related party payables		31,336	41,009
Interest paid		(26,610)	(14,207)
Proceeds from issue of ordinary shares, net of issue costs	14	-	115,000
Foreign exchange (gains) / losses		(116)	-
Net cash flows from financing activities	7	4,610	141,802
Net increase/(decrease) in cash and cash equivalents		71	(142)
Cash and cash equivalents at 1 January		58	161
Effect of exchange rate fluctuations on cash held		-	39
Cash and cash equivalents at 31 December	13	129	58

1 General information

The Company is a private company limited by share capital, incorporated under the Companies Act 2006 and domiciled in England and Wales.

The address of its registered office is Lloyds Court, 78 Grey Street, Newcastle upon Tyne, NE1 6AF.

The principal activity of the Company is to act as a holding company for investments in oil and gas assets.

2 Accounting policies

Summary of material accounting policies and key accounting estimates
The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The financial statements have been prepared in accordance with United Kingdom adopted international accounting standaards and with International Financial Reporting Standards as issued by the IASB.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The Company has not prepared consolidated financial statements for the CalEnergy Resources Group because they are exempt under Companies Act 2006 s400:

- It is a wholly-owned subsidiary of another entity that does not object to the Company not presenting consolidated financial statements;
- It has no debt or equity instruments traded in the public market;
- It has not, and is not in the process of, filing its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instrument in a public market; and
- Its parent company; Northern Powergrid Holdings Company, presents consolidated financial statements that are available for public use and comply with IFRSs.

2 Accounting policies (continued)

Going Concern

A review of the Company's financial risk management objectives, details of its exposures to trading risk, credit risk and liquidity risk are set out in the appropriate Notes to the financial statements.

The Northern Powergrid Group is financed both in its operating companies and in other entities within the Northern Powergrid Group, and companies may lend within the Northern Powergrid Group. For that reason, financial health is considered with reference to the Northern Powergrid Group. Those entities with net current liabilities position obtaining a letter of support from Northern Powergrid Holdings Company.

When considering continuing to adopt the going concern basis in preparing the annual reports and financial statements, the directors have taken into account a number of factors, including the following:

- The Northern Powergrid Group's main subsidiaries, Northern Powergrid (Yorkshire) plc and Northern Powergrid (Northeast) plc, are stable electricity distribution businesses operating an essential public service and are regulated by the Gas and Electricity Markets Authority ("GEMA"). In carrying out its functions, GEMA has a statutory duty under the Electricity Act 1989 to have regard to the need to secure that licence holders are able to finance the activities, which are the subject of obligations under Part 1 of the Electricity Act 1989 (including the obligations imposed by the electricity distribution licence) or by the Utilities Act 2000;
- The Northern Powergrid Group is profitable with strong underlying cash flows. Northern Powergrid Holdings Company, Northern Powergrid (Yorkshire) plc and Northern Powergrid (Northeast) plc hold investment grade credit ratings;
- The Northern Powergrid Group is financed by long-term borrowings with an average maturity of 17 years and has access to short-term committed borrowing facilities of £242 million provided by Barclays Bank plc, Lloyds Bank plc, HSBC UK Bank plc and Royal Bank of Canada;
- The Northern Powergrid Group benefits from strong investment-grade credit ratings which allow access to a range of financing options. A successful bond issue by the Northern Powergrid Group in November 2023, demonstrated that the Northern Powergrid Group's bonds remain attractive to investors and there is an active market with strong appetite to invest;
- The Northern Powergrid Group has prepared forecasts which taking into account reasonable possible changes in trading performance, show that the Northern Powergrid Group has sufficient resources to settle its liabilities as they fall due for at least the 12 months from the date these financial statements were authorised for issue. The directors have had discussions with the bank who have indicated that they would continue to provide the short-term facilities to the Northern Powergrid Group for the foreseeable future on acceptable terms; and
- Consideration was also given to the obligations contained in the Northern Powergrid (Yorkshire) plc and Northern Powergrid (Northeast) plc licences to provide Ofgem with annual certificates, confirming that the directors have a reasonable expectation that the Northern Powergrid Group will have sufficient financial and operational resources available for the continuation of business for a period of at least 12 months from the date of approving the financial statements. The board determined any material variations to the assumptions used when providing those certificates were unlikely.

Consequently, after making their assessment, the directors have a reasonable expectation that the Company and the Northern Powergrid Group has adequate resources to continue in operational existence and meet its liabilities as they fall due over the going concern period. In addition, a letter of support was received from Northern Powergrid Holdings Company. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

2 Accounting policies (continued)

Critical judgements in applying accounting policies
There are no critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the significant effect on amounts recognised in the consolidated financial statements.

Key sources of estimation uncertainty
In the preparation of financial statements in conformity with IFRS the Directors have identified the following key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Impairment on investments - estimates of impairment are dependent upon the performance of ongoing projects in its subsidiaries, detailed in Note 10.
- Estimated Credit Losses (ECL) on loan receivables - estimated credit losses are dependent upon a number of factors as explained in the Financial Instruments accounting policy and Note where an ECL on intercompany loans have been recognised in the year.

Dividends Accounting Policy

Dividend distribution to the company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the company'sshareholders.

Changes in accounting policy

Effective for periods beginning on or after 1 January 2023:

- Amendments to IFRS 17: Insurance Contracts
- Amendments to IAS 1: Presentation of Financial Statements
- Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates

Effective for periods beginning on 23 May 2023:

- Amendments to IAS 12: Income Taxes

The amendments have had no material impact on the financial statements including the comparatives.

New standards issued that are not yet applicable

Effective for periods beginning on 1 January 2024:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IFRS 16: Lease Liability on a Sale and Leaseback
- Amenements to IAS 7 and IFRS 7: Supplier Finance Agreements

The Directors have considered new accounting standards issued that are not yet applicable and have noted no material changes are likely to arise.

2 Accounting policies (continued)

Prior period adjustments

Revenue

Salary costs incurred by the Company and recharged to other Group companies had previously been netted off against administrative expenses rather than being reported as revenue. Following a review of the accounting for recharges, these have now been included as revenue resulting in a prior year restatement increasing revenue by £1.4 million and increasing administrative expenses by £1.4 million. This had no impact on the Statement of Financial Position or on the Statement of Cash Flows.

Loans and borrowings

Prior year the company only current laons and borrowings from related parties of £224.1m have been restated as non-current loans and borrowings from related parties. This restatement has been made in line with the maturity date of the loan agreements with related parties.

Revenue recognition

The Company generates revenue from intercompany recharges of staff costs which are grouped together with other pooled general and administrative expenses and recharged around group projects and assets (either expensed or capitalised, depending upon the status of each project) on a time allocated basis.

Finance income and costs policy

All borrowing costs are recognised in profit or loss in the period which they are incurred.

2 Accounting policies (continued)

Tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Property, plant and equipment
Furniture, fittings and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the purchase price of the asset and any costs, including internal employee and other costs, directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives; office equipment is depreciated using the straight-line method over 3 years.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any material changes in those estimates accounted for on a prospective basis.

Investments
Investments are stated at cost less provision or amounts written off for any impairment in value.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2 Accounting policies (continued)

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings
All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Impairment of non-financial assets
At the balance sheet 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the recoverable amount is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2 Accounting policies (continued)

Financial instruments

Initial recognition
Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The Company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the Company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement
Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified *into one of the following three categories:*
- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:
- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

2 Accounting policies (continued)

Financial assets at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
· the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the Company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through other comprehensive income (FVTOCI)
A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:
· the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of income.

Financial assets at fair value through the profit or loss (FVTPL)
Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost
All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss
Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

2 Accounting policies (continued)

Derecognition

Financial assets
The Company derecognises a financial asset when;
- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When the Company derecognises transferred financial assets in their entirety, but has continuing involvement in them then the entity should disclose for each type of continuing involvement at the reporting date:

(a) The carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised;

(b) The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets;

(c) The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined;

(d) The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets.

Financial liabilities
The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Modification of financial assets and financial liabilities

Financial assets
If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

2 Accounting policies (continued)

Financial liabilities
If the terms of a financial liabilities are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Impairment of financial assets

Measurement of Expected Credit Losses
The Company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely:

- Financial assets that are debt instruments;
- Accounts and other receivables;
- Financial guarantee contracts issued; and
- Loan commitments issued.

The Company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the Company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the Company recognises the lifetime ECL.

The Company measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

2 Accounting policies (continued)

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the company on terms that the company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the company, or economic conditions that correlate with defaults in the Company.

For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

For intercompany financial instruments, an assessment of the Company's cash flow forecasts are performed to estimate the ability for any receivables to be repaid. Key estimates are applied when determining the expected cash flows with the main estimate being the probability of current gas exploration projects progressing and their subsequent returns.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2023 £ 000	2022 £ 000
Other revenue	1,516	1,376

The Company generates revenue from intercompany recharges of staff costs which are grouped together with other pooled general and administrative expenses and recharged around group projects and assets (either expensed or capitalised, depending upon the status of each project) on a time allocated basis. This had been recognised with staff costs in prior year. See prior year adjustment section in Note 2 for further detail.

4 Other gains and losses

The analysis of the Company's other gains and losses for the year is as follows:

	2023 £ 000	2022 £ 000
Estimated credit (loss)/gain on intercompany loans	(116,891)	33,159

4 Other gains and losses (continued)

The above items are related to instruments measured at amortised cost.

5 Operating loss

Arrived at after charging

	2023 £ 000	2022 £ 000
Depreciation expense	82	66

Depreciation is included in administrative expenses.

6 Employees and directors

	2023 £ 000	2022 £ 000
Salaries	1,262	1,136
Social security costs	159	171
Defined contribution pension costs	210	159
	1,631	1,466

All employees in the company are members of the Northern Powergrid Pension Scheme, no current employees are part of the defined benefit scheme.

The monthly average number of persons employed by the company during the year, analysed by category was as follows:

	2023 No.	2022 No.
Technical	6	5
Administration and support	4	3
Management	1	1
	11	9

Directors' remuneration

Highest paid and total directors' remuneration:

	2023 £ 000	2022 £ 000
Short-term employee benefits	200	192
Post-employment benefits	20	19
Deferred bonus	10	10
	230	221

7 Finance income and costs

	2023 £ 000	2022 £ 000
Finance income		
Interest received from Group undertakings	23,094	13,328
Finance costs		
Foreign exchange (losses)/gains	(116)	39
Interest paid to group undertakings	(26,610)	(14,207)
Total finance costs	(26,726)	(14,168)
Net finance costs	(3,632)	(840)

8 Auditor's remuneration

	2023 £ 000	2022 £ 000
Audit of the financial statements	33	28

There were no non-audit services for current or prior year.

9 Income tax

Tax credited in the income statement

	2023 £ 000	2022 £ 000
Current taxation		
UK corporation tax	(1,428)	(594)
UK corporation tax adjustment to prior periods	(16)	368
	(1,444)	(226)
Deferred taxation		
Arising from origination and reversal of temporary differences	10	(2,907)
Deferred tax adjustment to prior periods	16	-
Total deferred taxation	26	(2,907)
Tax credit in the income statement	(1,418)	(3,133)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2022 - lower than the standard rate of corporation tax in the UK) of 19% to 31 March 2023 and 25% thereafter (2022 - 19%).

The differences are reconciled below:

9 Income tax (continued)

	2023 £ 000	2022 £ 000
(Loss)/profit before tax	(120,597)	32,362
Corporation tax at standard rate	(28,365)	6,149
Increase in current tax from adjustment for prior periods	(16)	368
Decrease in deferred tax from adjustment for prior periods	16	-
Non-deductible interest	(564)	-
Decrease in deferred tax liability in relation to holdover relief due to reinvestment into non depreciating assets	-	(2,889)
Items reversing at a higher tax rate	-	(4)
Expected credit loss on intercompany receivables	27,493	(6,300)
Other tax effects for reconciliation between accounting profit and tax credit	18	(457)
Total tax credit	(1,418)	(3,133)

Finance Act 2024 confirmed that the corporation tax rate will remain at 25% from 1 April 2023 as previously enacted. Deferred tax balances are therefore measured at 25% at 31 December 2023 (after taking into account the estimated effect of timing differences which will reverse at the 19% rate prior to 1 April 2023).

9 Income tax (continued)

Deferred tax
Deferred tax assets and liabilities

Deferred tax movement during the year:

	At 1 January 2023 £ 000	Recognised in income £ 000	At 31 December 2023 £ 000
Holdover relief	-	-	-
Accelerated tax depreciation	(25)	20	(5)
Other items	(18)	6	(12)
Net tax (liabilities)/asset	(43)	26	(17)

Deferred tax movement during the prior year:

	At 1 January 2022 £ 000	Recognised in income £ 000	At 31 December 2022 £ 000
Holdover relief	2,889	(2,889)	-
Accelerated tax depreciation	(25)	-	(25)
Other items	-	(18)	(18)
Net tax liabilities	2,864	(2,907)	(43)

Other comprises provisions of £6k (2022: £18k asset) relates to employee expenses which are deductible for tax on a paid basis.

10 Property, plant and equipment

	Furniture, fittings and equipment £ 000	Total £ 000
Cost or valuation		
At 1 January 2022	916	916
Additions	83	83
At 31 December 2022	999	999
At 1 January 2023	999	999
Additions	51	51
At 31 December 2023	1,050	1,050
Depreciation		
At 1 January 2022	729	729
Charge for year	66	66
At 31 December 2022	795	795
At 1 January 2023	795	795
Charge for the year	82	82
At 31 December 2023	877	877
Carrying amount		
At 31 December 2022	204	204
At 31 December 2023	173	173

11 Investments

Investments in Group undertakings	£ 000
Cost or valuation	
At 1 January 2022	4,394
Additions	115,000
At 31 December 2022	119,394
At 1 January 2023	119,394
At 31 December 2023	119,394
Carrying amount	
At 31 December 2023	119,394
At 31 December 2022	119,394

The recoverable value of investments have been assessed, based upon the higher of fair value less costs to sell and value in use. This has resulted in impairments being recognised during the year-ended 31 December 2023 of £nil (2022: £nil).

11 Investments (continued)

Details of the subsidiaries as at 31 December 2023 are as follows:

Name of subsidiary	Principal activity	Registered office	Ownership interest and voting rights held 2023	2022
CalEnergy Gas Limited*	Hydrocarbon exploration and development	Lloyds Court, 78 Grey Street, Newcastle, NE1 6AF England and Wales	100%	100%
CalEnergy Resources (Australia) Limited*	Hydrocarbon exploration and development	Lloyds Court, 78 Grey Street, Newcastle, NE1 6AF England and Wales	100%	100%
CalEnergy Resources (UK) Limited*	Hydrocarbon exploration and development	Lloyds Court, 78 Grey Street, Newcastle, NE1 6AF	100%	100%
CalEnergy Resources Poland Sp. z o.o.*	Hydrocarbon exploration and development	Al. Wilanowska 206 app. 19, 02-765, Warsaw Poland	100%	100%
NewGen Drilling Pty Limited*	Services to hydrocarbon exploration	Level 1, 12 St Georges Terrace, Perth, WA 6000, Australia	80%	80%

* indicates direct investment of the Company. The class of shares related to the above companies are ordinary shares.

Associates

Details of the associates as at 31 December 2023 are as follows:

Name of associate	Principal activity	Registered office	Ownership interest and voting rights held 2023	2022
Baltic Gas Sp. z o.o.	General partner in Baltic Gas project.	ul. Stary Dwór 9, 80-758 Gdansk Poland	50%	50%
Baltic Gas Sp. z o.o. i Wspólnicy Spólka Komandytowa	Hydrocarbon exploration and development	ul. Stary Dwór 9, 80-758 Gdansk Poland	49%	49%

12 Trade and other receivables

	31 December 2023 £ 000	(As restated) 31 December 2022 £ 000
Current trade receivables		
Trade receivables	326	289
Amounts owed from related parties	113,767	108,037
	114,093	108,326
Non-current trade receivables		
Amounts owed from related parties	289,363	267,557
Estimated credit loss	(155,951)	(39,060)
Total non-current trade receivables	133,412	228,497
	247,505	336,823

The average credit period on receivables is 30 days. No interest is charged on outstanding trade receivables.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. None of the trade receivables are past due and experience has shown that trade receivables not past due have no material credit loss.

The amounts due from related parties are intercompany revolving facilities until March 2023 (extended with no end date in September 2023) that are re-approved on a regular basis but become repayable immediately if any of the companies leave the Group. The amounts to NewGen Drilling Pty Ltd, CalEnergy Resources (Australia) Limited and CalEnergy Gas Limited are non-interest bearing. The development loan to CalEnergy Resources Poland Sp. z o.o. is charged at base rate + 0.5% margin and was extended to 31 July 2028 in September 2023 and the loan to CalEnergy Resources (UK) Limited which expires on 31 December 2029 is charged at base rate + 3.0% margin.

At the reporting date, in accordance with IFRS 9 Financial Instruments, an expected credit loss (ECL) was recognised for £116.9m (2022: £39.1m). The ECL was estimated through review of the cashflow position of CER over the ten-year period to 2034. Key estimates were applied when determining the expected cashflows. The main estimate being the probability of current gas exploration projects progressing and their subsequent returns. It is possible that outcomes within the next financial year could differ from the assumptions applied and result in an adjustment to the position.

The £40 million non current loan to CalEnergy Resources (UK) Limited expires on the 31 December 2029 and is at a fixed rate of 6%. No ECL is recognised in relation to this loan.

13 Cash and cash equivalents

	31 December 2023 £ 000	31 December 2022 £ 000
Cash at bank	129	58

Cash and cash equivalents have a maturity of less than three months, are readily convertible to cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

14 Share capital

Authorised, allotted, called up and fully paid shares

	31 December 2023		31 December 2022	
	No.	£	No.	£
Preference shares of £1 each	132,897,530	132,897,530	132,897,530	132,897,530
Ordinary shares of £0.01 each	375,125	3,751	375,125	3,751
	133,272,655	132,901,281	133,272,655	17,901,281

Preference shares carry an entitlement to a dividend annually if proposed by the directors at a general meeting held by the Company. The voting rights are one vote for every preference share held. Preference shares have priority over Management shares on winding up. Management shareholders are not entitled to voting rights or dividends. Both classes of shares are equity and non-redeemable.

15 Reserves

	Retained earnings £ 000
At 1 January 2023	(64,280)
Loss for the year	(119,179)
Total comprehensive income	(119,179)
At 31 December 2023	(183,459)

	Retained earnings £ 000
At 1 January 2022	(99,775)
Profit for the year	35,495
Total comprehensive expense	35,495
At 31 December 2022	(64,280)

16 Loans and borrowings

	31 December 2023 £ 000	(As restated) 31 December 2022 £ 000
Non-current amounts owed to related parties	283,345	264,110
Current amounts owed to related parties	132,942	120,841
	416,287	384,951

	Book value		Fair value	
	31 December 2023 £ 000	31 December 2022 £ 000	31 December 2023 £ 000	31 December 2022 £ 000
Amounts owed to related parties	416,287	384,951	416,287	384,951
	416,287	384,951	416,287	384,951

The directors consider that the carrying amount of borrowings approximates their fair value calculated by discounting the future cash flows at the market rate at the reporting date.

The loans are non-secured. Amounts owed to related parties carry no credit risk as all the group companies are actively supported and funded by the rest of the Northern Powergrid Group which maintains an investment grade credit rating. The liquidity risk is minimal due to support provided by the Northern Powergrid Group. Some market risk exists due to the variable interest rate, however this is offset by the support of the Northern Powergrid Group. The non-current loan to related parties is at fixed rate of 6%. Current loans range from base rate interest to non interest bearing.

The £264.1m prior year loans and borrowings figure includes a restatement of £224.1m, moving the loan from current to non-current. This restatement has been made in line with the maturity date of the loan agreements with related parties.

17 Trade and other payables

	31 December 2023 £ 000	31 December 2022 £ 000
Accrued expenses	485	503

The Company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in Note 20, "Financial Risk Review".

18 Pension and other schemes

Defined contribution pension scheme
The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £0.2 million (2022: £0.1 million).

Detailed information on the Northern Powergrid pension schemes is available in the Northern Powergrid Holdings Company financial statements, available from Lloyds Court, 78 Grey Street, Newcastle upon Tyne, Tyne and Wear, NE1 6AF.

19 Changes in liabilities arising from financing activities

	At 1 January 2023 £ 000	Financing cash flows £ 000	At 31 December 2023 £ 000
Borrowings	(384,951)	(31,336)	(416,287)

	At 1 January 2022 £ 000	Cash flows £ 000	Other changes £ 000	At 31 December 2022 £ 000
Borrowings	(343,943)	(41,009)	1	(384,951)

The other changes represent the movements in foreign exchange gains/(losses) and accrued interest.

20 Classification of financial and non-financial assets and financial and non-financial liabilities

The classification of financial assets and liabilities by accounting categorisation as at 31 December 2023 was as follows:

	Financial assets at amortised cost £ 000	Financial liabilities at amortised cost £ 000	Non-financial assets & liabilities £ 000
Assets			
Non-current assets			
Property, plant and equipment	-	-	173
Investments in subsidiaries, joint ventures and associates	-	-	119,394
Deferred tax assets	-	-	17
Trade and other receivables	133,412	-	-
	133,412	-	119,584
Current assets			
Trade and other receivables	114,093	-	-
Income tax asset	-	-	843
Cash and cash equivalents	129	-	-
	114,222	-	843
Total assets	247,634	-	120,427
Liabilities			
Non-current liabilities			
Loans and borrowings	-	(283,345)	-
Current liabilities			
Trade and other payables	-	(485)	-
Loans and borrowings	-	(132,942)	-
	-	(133,427)	-
Total liabilities	-	(416,772)	-

20 Classification of financial and non-financial assets and financial and non-financial liabilities (continued)

The classification of financial assets and liabilities by accounting categorisation as at 31 December 2022 was as follows:

	Financial assets at amortised cost £ 000	Financial liabilities at amortised cost £ 000	Non-financial assets & liabilities £ 000
Assets			
Non-current assets			
Property, plant and equipment	-	-	204
Investments in subsidiaries, joint ventures and associates	-	-	119,394
Deferred tax assets	-	-	43
Trade and other receivables	182,990	-	-
	182,990	-	119,641
Current assets			
Trade and other receivables	153,833	-	-
Cash and cash equivalents	58	-	-
	153,891	-	-
Total assets	336,881	-	119,641
Liabilities			
Non-current liabilities			
Loans and borrowings	-	(264,110)	-
Current liabilities			
Trade and other payables	-	(496)	(7)
Loans and borrowings	-	(120,841)	-
Income tax liability	-	-	(600)
	-	(121,337)	(607)
Total liabilities	-	(385,447)	(607)

The fair value of assets classified as fair value through profit or loss are valued using level 3 inputs.

21 Financial risk review

This Note presents information about the Company's exposure to financial risks and the Company's management of capital.

Capital management

The Group manages its capital centrally to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2022.

The capital structure of the Company consists of net debt (borrowings as detailed in Note 16 offset by equity of the Company (comprising issued capital, reserves and retained earnings as detailed in Notes 14 and 15. The Company has no externally imposed capital requirements.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk as no collateral or other credit enhancements are held.

At the reporting date, in accordance with IFRS 9 Financial Instruments, an expected credit loss (ECL) was recognised for £62.6m (2022: £39.1). The ECL was estimated through review of the cashflow position of CER over the ten-year period to 2034. Key estimates were applied when determining the expected cashflows. The main estimate being the probability of current gas exploration projects progressing and their subsequent returns. It is possible that outcomes within the next financial year could differ from the assumptions applied and result in an adjustment to the position.

Liquidity risk

Ultimate responsibility of liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium, and long-term funding and liquidity management requirements. The Company manages liquidity by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturity analysis for financial liabilities

The following tables set out the remaining contractual maturities of the company's financial assets and financial liabilities by type.

2023 **Non-derivative liabilities**	**Total outflow £ 000**	**1-3 months £ 000**	**4 months - 1 year £ 000**	**1-5 years £ 000**	**More tha 5 yea: £ 0(**
Non-interest bearing liabilities	485	485	-	-	
Variable interest rate liabilities	376,287	376,287	-	-	
Fixed interest rate liabilities	54,400	-	2,400	9,600	42,4

21 Financial risk review (continued)

2022 **Non-derivative liabilities**	**Total outflow** **£ 000**	**1-3 months** **£ 000**	**4 months - 1 year** **£ 000**	**1-5 years** **£ 000**
Non-interest bearing liabilities	503	503	-	-
Variable interest rate liabilities	344,951	344,951	-	-
Fixed interest rate liabilities	56,800	-	2,400	9,600

2022 **Non-derivative liabilities**	**More than 5 years** **£ 000**
Non-interest bearing liabilities	-
Variable interest rate liabilities	-
Fixed interest rate liabilities	44,800

Market risk

The Company's activities do not expose it to significant financial risks of changes in foreign currency exchange rates and interest rates. Materially all income and expenses are denominated in pound sterling and the Company maintains a immaterial foreign currency cash balance. Loans to and from related parties are all at floating rates so any movements in interest rate would be largely offset between the two.

22 Related party transactions

	Transfers from related parties £ 000	Transfers to related parties £ 000	Amounts due from/(to) related parties £ 000	Interest paid to related parties £ 000
2023				
CalEnergy Gas Limited	-	288	1,975	-
CalEnergy Gas (Holdings) Limited	(259)	712	(132,974)	(5,932)
CalEnergy Resources (Australia) Limited	(2,286)	1,797	69,671	-
CalEnergy Resources Poland Sp. z o.o.	-	711	41,634	-
NewGen Drilling Limited	-	-	-	-
Northern Powergrid Holdings Company	-	-	(283,345)	(20,678)
CalEnergy Resources (UK) Limited	-	2,186	289,881	-
	(2,545)	5,694	(13,158)	(26,610)
2022				
CalEnergy Gas Limited	-	475	565	-
CalEnergy Gas (Holdings) Limited	(260)	781	(120,662)	(1,724)
CalEnergy Resources (Australia) Limited	(1,559)	1,096	66,830	-
CalEnergy Resources Poland Sp. z o.o.	-	601	38,752	-
NewGen Drilling Limited	-	-	1,492	-
Northern Powergrid Holdings Company	-	-	(264,110)	(12,483)
CalEnergy Resources (UK) Limited	-	1,428	267,771	-
	(1,819)	4,381	(9,362)	(14,207)

22 Related party transactions (continued)

	Interest received from related parties £ 000
2023	
CalEnergy Gas Limited	-
CalEnergy Gas (Holdings) Limited	-
CalEnergy Resources (Australia) Limited	-
CalEnergy Resources Poland Sp. z o.o.	2,065
NewGen Drilling Limited	-
Northern Powergrid Holdings Company	-
CalEnergy Resources (UK) Limited	21,028
	23,093
2022	
CalEnergy Gas Limited	-
CalEnergy Gas (Holdings) Limited	-
CalEnergy Resources (Australia) Limited	-
CalEnergy Resources Poland Sp. z o.o.	745
NewGen Drilling Limited	-
Northern Powergrid Holdings Company	-
CalEnergy Resources (UK) Limited	12,583
	13,328

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of amounts owed to related parties.

For more information on amounts due from/(to) related parties please refer to Note 12 trade and other receivables and Note 16 loans and borrowings, respectively.

23 Parent and ultimate parent undertaking

The Company's immediate parent is CalEnergy Gas (Holdings) Limited.

The ultimate parent and controlling party is Berkshire Hathaway, Inc. These financial statements are available upon request from 3555 Farnam Street, Omaha, Nebraska 68131.

Relationship between entity and parents
The parent of the largest group in which these financial statements are consolidated is Berkshire Hathaway, Inc, incorporated in United States.

The registered address of Berkshire Hathaway, Inc is: 3555 Farnam Street, Omaha, Nebraska 68131.

The parent of the smallest group in which these financial statements are consolidated is Northern Powergrid Holdings Company, incorporated in United Kingdom.

The registered address of Northern Powergrid Holdings Company and location where the Group financial statements can be obtained is: Lloyds Court, 78 Grey Street, Newcastle upon Tyne, NE1 6AF.