Company Registration Number: 10614954

Quadgas PledgeCo Limited

Annual Report and Financial Statements

For the year ended 31 March 2025

Quadgas PledgeCo Limited

Strategic Report

For the year ended 31 March 2025

The Directors present their Strategic Report for Quadgas PledgeCo Limited ("the company") for the year ended 31 March 2025.

Principal activities

The Quadgas HoldCo Group ("the Group") comprises Quadgas PledgeCo Limited, Quadgas HoldCo Limited, Quadgas MidCo Limited, Quadgas Finance Plc, Cadent Services Limited, Cadent Finance Plc, Cadent Gas Limited, Cadent Gas Pension Trustee Limited, Cadent Gas Pension Property 1 Limited, Cadent Gas Pension Property 2 Limited, Cadent Gas Pension Property Company 2 Limited and Cadent Pension Services Limited. Cadent Gas Limited is the main trading company and operates four of the eight regional gas distribution networks in Great Britain. The ultimate parent and controlling company is Quadgas Holdings TopCo Limited and the immediate parent company is Quadgas HoldCo Limited.

The principal activity of the company is to hold investments in other Quadgas Holdings TopCo Limited (the ultimate parent company – see note 14) subsidiary companies; the only direct investment currently held is in Quadgas MidCo Limited. Debt finance passes through the company from its immediate parent Quadgas HoldCo Limited to its immediate subsidiary Quadgas MidCo Limited on identical terms. The Directors are not aware, at the date of this report, of any likely major changes in the company's activities or prospects in the next year.

Review of business

The company's profit for the year was £397m (2024: £367m). The movement is due to an increase in dividend income in the current year of £30m.

Financial position

Total shareholders' funds at 31 March 2025 were £4,144m (2024: £4,144m) comprising primarily of investments in group undertakings of £4,146m (2024: £4,146m). Debt finance passes through the company from its immediate parent Quadgas HoldCo Limited to its immediate subsidiary Quadgas MidCo Limited on identical terms. Intercompany loans receivable and payable prior to impairments net to £Nil (2024: £Nil) as debt is passed through the Group.

Key performance indicators and principal risks and uncertainties

As the company is part of a larger group as set out in note 7, the management of the company does not involve the use of key performance indicators, other than the profit or loss for the year, in measuring the development, performance or the position of the company. The principal risks and uncertainties are integrated with the principal risks of Quadgas HoldCo Limited.

For information on the development, performance, risks, uncertainties and position of Quadgas HoldCo Limited and its subsidiaries and of the key performance indicators used, refer to the Strategic Report included in Quadgas HoldCo Limited's Annual Report and Accounts 2024/25, which does not form part of this report.

Future developments

By nature of its operating business the Directors believe the company will continue to act as a holding company for the foreseeable future. Despite continued macroeconomic and geopolitical volatility including the significant uncertainty impacting inflation and interest rates, the company has not been significantly impacted, and the Directors believe the current level of operating activity as reported in the income statement will continue in the foreseeable future.

As a holding company, Quadgas PledgeCo Limited is not currently directly or significantly impacted by climate change, however, Cadent Gas Limited, the Group's operating company, is. For information on how climate change will impact the Group's operating company, Cadent Gas Limited, refer to the Strategic Report included in Cadent Gas Limited's Annual Report and Accounts 2024/2025.

S172 Statement

The following statement 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 of the Companies Act 2006.

The company has no employees and no operational activities; it holds investments in other Quadgas Holdings TopCo Limited subsidiary companies. The main purpose of the company is to act as a guarantor for debt in other Group companies and act as a financing company for privately held subsidiary level debt.

As a wholly owned subsidiary holding company, the Directors consider the impact of the company's activities on its stakeholders, consisting of its shareholder, its subsidiaries and other stakeholders including (but not limited to) Ofgem (The Office of Gas and Electricity Markets), the UK Government, banks and other financial institutions, and members of the consortium who together own the ultimate parent company, Quadgas Holdings TopCo Limited. Whilst not directly regulated itself, the company maintains a close relationship with Ofgem, via the indirect subsidiary company Cadent Gas Limited.

The company's stakeholders are consulted routinely on a wide range of matters including funding decisions, investment strategy, delivery of the Group's strategy, governance and compliance with Group policies with the aim of maximising investment returns for the benefit of its shareholder and ensuring that its subsidiaries maintain high standards of business conduct and governance. The Board considers the consequences of its decisions through these consultations to ensure that the long-term interests of the company are protected.

As an investment vehicle for the Group, the company obtains and provides finance to fellow subsidiary companies via intercompany balances. The Board considers the company's investments in light of the Group's corporate and social responsibility strategy, as such the Board receives information on these topics from management to make better informed Board decisions.

The Directors delegate authority for day-to-day management of the company and other subsidiaries in the Group to the Executive Committee and then engage management in setting, approving and overseeing execution of the business strategy, to ensure that company policies and practices support effective decision making to deliver long-term value.

The Directors continued to provide oversight governance of the company and its subsidiaries to ensure that they comply with the Group's policies and maintain high standards of business conduct which are a key priority for the Group. The company provides regular updates on its activities to the Directors.

For further information on the Group activities and disclosure please refer to the Cadent Gas Annual Report and Accounts 2024/25.

The Strategic Report was approved by the Board and signed on its behalf by:

E Howell
Director
19 June 2025

Quadgas PledgeCo Limited
Directors' Report

For the year ended 31 March 2025

The Directors present their Report and the audited financial statements of the company for the year ended 31 March 2025.

Future developments

Details of future developments have been included within the Strategic Report on page 1.

Dividends

An interim dividend of 3.90p (2024: 2.53p) per ordinary share amounting to £199,319,683 (2024: £129,110,000) was declared on the 25 September 2024 and paid on the 26 September 2024.

A second interim dividend of 3.86p (2024: 4.66p) per ordinary share amounting to £197,241,179 (2024: £237,937,737) was declared on 23 January 2025 and paid on the 27 January 2025.

No further dividends are proposed for the current financial period.

Charitable and political donations

Charitable donations made by the Group during the year totalled £0.5 million (2023/24: £4.8 million).

The Group made no political donations during the year (2023/24: £Nil).

Research and development

The company spent £Nil (2024: £Nil) on research and development during the year.

Financial risk management

The management of the company and the execution of the company's strategy are subject to a number of financial risks. The Directors have identified the need to manage the company's material financial risks, including liquidity and credit risk. These risks are managed by Cadent Gas Limited's Treasury function for the company and fellow Group subsidiaries.

The company acts as a holding company. Debt finance passes through the company from its immediate parent Quadgas HoldCo Limited to its immediate subsidiary Quadgas MidCo Limited on identical terms. The company's exposures are limited to the credit risk on the intercompany loans (as disclosed below and in note 8).

The company has limited direct exposure to macroeconomic volatility, however we recognise the macroeconomic impacts on interest rates and foreign exchange rates on our underlying debt portfolio. These impacts are addressed through our financial risk management.

Liquidity risk

The company finances its operation through a combination of new share issues and intercompany balances to ensure that the company has sufficient long-term and short-term funds available for current operations and future activities. The company passes debt finance from its immediate parent Quadgas HoldCo Limited to its immediate subsidiary Quadgas MidCo Limited on identical terms.

Credit risk

The company passes debt finance from its immediate parent Quadgas HoldCo Limited to its immediate subsidiary Quadgas MidCo Limited on identical terms. The principal risk of these arrangements is that Quadgas MidCo Limited is unable to meet its obligations to the company. The company is exposed to the expected credit losses on its intercompany loan with Quadgas MidCo Limited. The expected credit loss has been calculated by considering the probability of default and the loss given default on the balance outstanding on the intercompany loan.

Interest rate risk

The company has interest bearing intercompany assets. To the extent that the company enters into intercompany loan agreements, the company's exposure to interest rate cash flow risk arises on such loans on which interest is charged based upon a floating index. During the financial year the company had no such loans (2024: £Nil).

Engagement with employees

The company itself has no employees and therefore does not meet the thresholds requiring it to prepare a statement setting out engagement with employees and therefore has nothing to report in respect of employee engagement activity during the year.

However, within the Group there is a subsidiary that exceeds the requirements for reporting on employee engagement (Cadent Gas Limited), with an average number of employees of 6,361 (2024: 6,215). Cadent Gas Limited has provided extensive disclosure in relation to employee engagement. For further information on these activities and disclosure, including principal decisions and the effect of engagement on them, please refer to the employee statement in the Cadent Gas Annual Report and Accounts 2024/25.

Directors

The Directors of the company during the period and up to the date of signing of the financial statements were:

Sir A Montague CBE
M W Braithwaite
D A Karnik
D J Xie
E Howell
H Su
M W Mathieson
E B Fidler
S Fennell
D L Wilkins
N R V Corrigall
M Wang
A G Ray
G E Cooley
A Carta (Appointed 22 May 2025)
W D G Price (Resigned 23 October 2024)
A M Al-Ansari (Resigned 22 May 2025)

Directors' indemnity

Quadgas HoldCo Limited has arranged, in accordance with the Companies Act 2006 section 234 and the Articles of Association, qualifying third party indemnities against financial exposure that Directors may incur in the course of their professional duties. Alongside these indemnities, Quadgas HoldCo Limited places Directors' and Officers' liability insurance for each Director and these costs have been borne by Quadgas HoldCo Limited.

Going concern

The statement of financial position shows net assets of £4,144m at 31 March 2025 (2024: £4,144m). The income statement shows a profit for the year ended 31 March 2025 of £397m (2024: £367m), driven by an increase in dividend income.

Going concern (continued)

Quadgas PledgeCo Limited is a guarantor for debt at Quadgas MidCo Limited and Quadgas Finance Plc. The existing intercompany loan liability is not repayable until 2042, and the interest payable on the liability is matched to the interest receivable from Quadgas MidCo Limited on the same terms. The company continues to receive dividend income from Quadgas MidCo Limited which continues to operate as a going concern as at 31 March 2025. See the Directors report within the Quadgas MidCo Limited Annual Report and Accounts for further details.

In determining the relevant assessment period, the Directors have considered the principal risks and specific factors impacting the company and have made the judgement that, given there are no planned events in the medium term which would significantly impact the length of the assessment period including any major refinancing or the expiry of existing facilities, the minimum period of 12 months from signing the accounts is a sufficient period for the assessment.

Despite recent macro-economic volatility impacting inflation, energy prices, US Government and retaliatory tariffs and the ongoing conflicts in the Middle East and Ukraine, the company has not been significantly impacted. The company continues to closely monitor and manage the impacts of changes in the macro-economic environment. Having made enquiries and reassessed the principal risks, the Directors consider that the company and its subsidiary undertakings have adequate resources to continue in business. The Directors are satisfied that the company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements are signed. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Post balance sheet events

On 30 April 2025, Quadgas PledgeCo Limited amended the terms on its £902 million internal loan from its immediate parent Quadgas HoldCo Limited, extending the termination date to 30 April 2050 and increasing the interest rate to 8.1%. All other terms remain unchanged. At the same time, Quadgas PledgeCo Limited also amended the terms on the internal loan made to its subsidiary Quadgas MidCo Limited, extending the termination date to 30 April 2050 and increasing the interest rate to 8.1%. All other terms remain unchanged.

Disclosure of information to auditors

Having made the requisite enquiries, so far as the Directors in office at the date of the approval of this report are aware, there is no relevant audit information of which the auditors are unaware and each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The auditors have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

Internal control and risk management

As the company is part of a larger Group, the internal control and risk management procedures are integrated with the internal control and risk management procedures in Cadent Gas Limited. Cadent Gas Limited has established internal control and risk management systems in relation to the process for preparing its financial statements. The key features of these internal control and risk management systems are:

- The Risk Assurance function and management conducts various checks on internal financial controls periodically.
- Management regularly monitors and considers developments in accounting regulations and best practice in financial reporting, and where appropriate, reflects developments in the financial statements. Appropriate briefings and/or training are provided to key finance personnel on relevant developments in accounting and financial reporting.
- The financial statements are subject to review by the Financial Reporting function for unusual items, unexplained trends and completeness. Any unexplained items are investigated.

Quadgas PledgeCo Limited

Directors' Report (continued)

For the year ended 31 March 2025

Internal control and risk management (continued)

- The Board review the draft financial statements. The Board receive reports from management on significant judgements, changes in accounting policies, changes in accounting estimates and other pertinent matters relating to the consolidated financial statements.

Capital structure

The share capital of the company consists of 5,105,581,781 ordinary shares of £0.0001 each. There have been no changes to the capital structure in the year.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 “Reduced Disclosure Framework”, and in accordance with the requirements of the Companies Act 2006. 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, compromising FRS 101, have been followed subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for 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.

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.

The Directors 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’ Report was approved by the Board and signed on its behalf by:

E Howell
Director
19 June 2025

Registered office:
Pilot Way
Ansty Park
Coventry
CV7 9JU
United Kingdom
Registered in England and Wales

Company registration number: 10614954

Independent auditor's report to the members of Quadgas PledgeCo Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Quadgas PledgeCo Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2025 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 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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.

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.

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 , internal audit, in-house legal counsel and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act 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 and IT 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.

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 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, reviewing internal audit reports and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; 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' exemptions in preparing the directors' report and 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.

Deloitte LLP

Jane Whitlock ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
19th June 2025

Quadgas PledgeCo Limited

Statement of comprehensive income

For the year ended 31 March 2025

	Notes	2025 £m	2024 £m
Dividend income from Group undertakings		**397**	367
Interest receivable and similar income	5	**61**	62
Interest payable and similar charges	5	**(61)**	(62)
Profit on ordinary activities before tax		**397**	367
Tax on profit on ordinary activities	6	**-**	-
Profit after tax for the financial year		**397**	367
Total other comprehensive income		**-**	-
Total comprehensive income for the year		**397**	367

The results reported above relate to continuing activities. There were no other gains and losses for the year other than those reported above.

The notes on pages 14 to 28 form an integral part of these financial statements.

Quadgas PledgeCo Limited

Statement of financial position

As at 31 March 2025

	Notes	**2025 £m**	2024 £m
Non-current assets			
Investments in Group undertakings	7	**4,146**	4,146
Amounts owed by subsidiary undertakings	8	**900**	900
Total non-current assets		**5,046**	5,046
Total assets		**5,046**	5,046
Non-current liabilities			
Amounts owed to Group undertakings	10	**(902)**	(902)
Total non-current liabilities		**(902)**	(902)
Total liabilities		**(902)**	(902)
Total net assets		**4,144**	4,144
Equity			
Share capital	11	**1**	1
Retained earnings		**4,143**	4,143
Total equity		**4,144**	4,144

The notes on pages 14 to 28 form an integral part of these financial statements.

The financial statements on pages 11 to 28 were approved by the Board of Directors on 19 June 2025 and were signed on its behalf by:

E Howell

Director
Quadgas PledgeCo Limited
Company registration number: 10614954

Quadgas PledgeCo Limited

Statement of changes in equity

For the year ended 31 March 2025

	Notes	**Share capital £m**	**Retained earnings £m**	**Total £m**
At 1 April 2024		1	4,143	4,144
Total comprehensive income for the year		-	397	397
Equity dividends paid	9	-	(397)	(397)
At 31 March 2025		**1**	**4,143**	**4,144**

		Share capital £m	Retained earnings £m	Total £m
At 1 April 2023		1	4,143	4,144
Total comprehensive income for the year		-	367	367
Equity dividends paid	9	-	(367)	(367)
At 31 March 2024		1	4,143	4,144

The notes on pages 14 to 28 form an integral part of these financial statements.

1 Summary of significant accounting policies

Quadgas PledgeCo Limited holds investments in other Quadgas Holdings TopCo Limited subsidiary companies. The company is a private limited company incorporated and domiciled in England and is registered in England and Wales, with its registered office at Pilot Way, Ansty Park, Coventry, CV7 9JU, United Kingdom.

The principal activity of the company is to hold investments in other Quadgas Holdings TopCo Limited subsidiary companies; the only direct investment currently held is in Quadgas MidCo Limited. Debt finance passes through the company from its immediate parent Quadgas HoldCo Limited to its immediate subsidiary Quadgas MidCo Limited on identical terms.

Quadgas PledgeCo Limited is exempt from the requirement to prepare consolidated accounts under the Companies Act 2006 section 400 given it is a wholly owned subsidiary of Quadgas HoldCo Limited. Quadgas HoldCo Limited is registered in England and Wales. Copies of Quadgas HoldCo Limited's consolidated financial statements can be obtained from the Company Secretary, Pilot Way, Ansty Park, Coventry, CV7 9JU, United Kingdom.

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

(a) Basis of preparation

The financial statements have been prepared on an historical cost basis. Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the 'functional currency'). The financial statements are presented in pounds sterling which is also the company's functional currency.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and in accordance with the requirements of the Companies Act 2006. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, non-current assets held for sale, financial instruments, capital management, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been presented in the Group financial statements of Quadgas HoldCo Limited. The Group comprises Quadgas HoldCo Limited, Quadgas PledgeCo Limited, Quadgas MidCo Limited, Quadgas Finance Plc, Cadent Services Limited, Cadent Finance Plc, Cadent Gas Limited, Cadent Gas Pension Trustee Limited, Cadent Gas Pension Property Company 1 Limited, Cadent Gas Pension Property Company 2 Limited and Cadent Gas Pension Services Limited.

The preparation of financial statements may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of turnover and expenses during the reporting year. Actual results could differ from these estimates.

Going Concern

Quadgas PledgeCo Limited is a guarantor for debt at Quadgas MidCo Limited and Quadgas Finance Plc, and the statement of financial position shows net assets of £4,144 million at 31 March 2025 (2024: £4,144 million). The Income Statement shows a profit for the year ended 31 March 2025 of £397 million (2024: profit of £367 million) driven by the dividend income received of £397 million (2024: £367 million). The company continues to receive dividend income from Quadgas MidCo Limited which continues to operate as a going concern as at 31 March 2025. See Quadgas MidCo Limited Annual Report and Accounts for further details.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Going concern (continued)

In determining the relevant assessment period, the Directors have considered the principal risks and specific factors impacting the company and have made the judgement that, given there are no planned events in the medium term which would significantly impact the length of the assessment period including any major refinancing or the expiry of existing facilities, the minimum period of 12 months from signing the accounts is a sufficient period for the assessment.

Despite recent macro-economic volatility impacting inflation, energy prices, US Government and retaliatory tariffs and the ongoing conflicts in the Middle East and Ukraine, the company has not been significantly impacted. The Group continues to closely monitor and manage the impacts of changes in the macro-economic environment. Having made enquiries and reassessed the principal risks, the Directors consider that the company and its subsidiary undertakings have adequate resources to continue in business.

The Directors are satisfied that the company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements are signed. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

(b) New International Financial Reporting Standards (IFRS) and interpretations

There are no new or amended standards or interpretations during the year that have a significant impact on the financial statements.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Net interest costs

Interest income and interest costs are accrued on a timely basis by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in interest receivable and similar income and interest cost is included in the interest payable and similar charges.

(e) Tax

The tax charge for the year is recognised in the income statement or directly in equity according to the accounting treatment of the related transaction. Current tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amounts are those that have been enacted or substantively enacted by the reporting date.

The calculation of the total tax charge involves a degree of estimation and judgement, and management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes positions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(f) Investments in Group undertakings

Investments in Group undertakings are held at cost less accumulated impairment losses. Impairment reviews are carried out if there is some indication that impairment may have occurred, or where otherwise required to ensure that investments are not carried above their estimated recoverable amounts. Impairments are recognised in the income statement, and, where material, are disclosed separately. Impairment reversals are recognised when there is an indication that an impairment loss for an investment either no longer exists or has decreased. See note 7.

1 Summary of significant accounting policies (continued)

(f) Investments in Group undertakings (continued)

Impairments of investments are calculated as the difference between the carrying value of the investment and its recoverable amounts. Recoverable amount is defined as the higher of fair value less costs of disposal or estimated value-in-use at the date the impairment review is undertaken.

(g) Financial instruments

Initial recognition

Financial assets have been classified in accordance with business model assessment under IFRS 9. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments are classified at inception into one of the following categories which then determines the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:

- financial assets at amortised cost; or
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through 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 profit and loss (FVTPL).

Loans receivable are carried at amortised cost using the effective interest method less any allowance for estimated impairments. Impairments are calculated using the expected credit loss approach by calculating the probability of default and the estimated recoverable amount given default. A loss allowance is established for impairments using the expected credit loss approach by calculating the probability of default and the estimated recoverable amount given default.

Borrowings, which include interest-bearing loans, are recorded at their initial fair value which normally reflects the proceeds received, net of direct issue costs less any repayments. Subsequently these are stated at amortised cost, using the effective interest method. Any difference between proceeds and the redemption value is recognised over the term of the borrowing in the income statement using the effective interest method.
Assets and liabilities on different transactions are only netted if the transactions are with the same counterparty, a legal right of set off exists and the cash flows are intended to be settled on a net basis. Gains and losses arising from changes in fair value are included in the income statement in the year they arise.

Derivative financial instruments (‘derivatives’) are recorded at fair value. Where the fair value of a derivative is positive, it is carried as a derivative asset and where negative, as a liability. Balance sheet presentation of derivatives have been determined based on the final maturity date. A derivative that matures within one year has been classified as current and a derivative that matures after one year has been classified as non-current.

1 Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

Initial recognition (continued)

The fair value of financial derivatives is calculated by discounting all future cash flows by the market yield curve at the reporting date and adjusting for own and counterparty credit and funding risk adjustment. The market yield curve for each currency is obtained from external sources for interest and foreign exchange rates.

For financial assets carried at amortised cost, the amount of the impairment is the differences 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Impairment of financial assets

Financial assets are impaired by calculating the probability of default and the estimated recoverable amount given default, which is used to calculate the expected credit loss. The company has taken default to be defined as a counterparty that has entered administration.

The company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely:

- loan receivables; and
- other receivables.

The company measures the loss allowances for amounts owed by its immediate subsidiary company at an amount equal to the 12 month expected credit loss. The way this is calculated is based on the applied impairment methodology, as described on the following page.

Stage 1: For financial assets where there has not been a significant increase in credit risk since initial recognition, and were not credit impaired on recognition, the company recognises a loss allowance based on the 12 month expected credit loss.

Stage 2: For financial assets where there has been a significant increase in credit risk since initial recognition, and were not credit impaired, the company recognises a loss allowance for lifetime expected credit loss.

1 Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

Impairment of financial assets (continued)

Stage 3: For financial assets which are credit impaired, the company recognises the lifetime expected credit loss.

A significant increase in credit risk would by any change in circumstances specific to the counterparty or to the wider economic environment whereby the risk of default could be said to have been significantly increased within reasonable thresholds.

Evidence that the financial asset is credit impaired includes the following:

- significant financial difficulties of the counterparty; or
- a breach of contract such as default or past due event; or
- the restructuring of the loan or advance by the company that the company would not consider otherwise; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for an associated security because of financial difficulties.

(h) Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the year in which the dividends are approved by the company's shareholders.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical accounting judgements

Areas of judgement that have the most significant effect on the amounts recognised in the financial statements are as follows:

- For the purpose of valuing our investment in the Group, the judgement is that the network can be used beyond 2050. The UK's target to achieve net zero by 2050 will change how fossil fuels are used, which will also impact how our network is used. The UK Government is exploring different pathways including the production and use of hydrogen to achieve net zero, although there remains uncertainty about significant aspects of the UK energy sector plans under net zero. We recognise that there are a range of possible futures regarding how our network is used and the role that hydrogen, biomethane and other green gases have to play. Scenarios range from high hydrogen through our existing network, through to slow decarbonisation driving a multi heat solution through to a high electrification route and we are continuing to assess what impact these scenarios would have on our business. Given the information currently available regarding these plans and the initial feasibility studies completed regarding the use of alternative gases through our network and the large scale production of these gases, we have judged that our network will continue to be used to transport gas (methane, biomethane, hydrogen, other green gases or a combination of these) beyond 2050, and that these gases will be available in sufficient quantities and our valuation has been completed on that basis - **note 7**.

Key sources of estimation uncertainty

Key sources of estimation uncertainty that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year are as follows:

- Review of carrying values of investments and calculation of impairment. Investments are reviewed annually for impairment by comparison of the cost of the investment with equity value, where equity value is equal to the value-in-use of the company invested in less any external borrowings plus any cash and cash equivalents. The impairment review requires management to calculate the value-in-use for investments. The key assumptions for the value-in-use calculation are those regarding the underlying cash flows, including the period and rate over which the regulatory asset is depreciated, discount rate, regulatory weighted average cost of capital, inflation and terminal value cashflow – **note 7**.

Sensitivity analysis on how potential changes in significant estimates and assumptions might impact on our results or financial position has been performed – **note 15**.

Notes to the financial statements (continued)

For the year ended 31 March 2025

3 Profit on ordinary activities before tax

Profit before tax is stated after crediting the following:	**2025**	2024
	£m	£m
Dividend income from group undertakings	**397**	367

Fees payable to the company's auditor for the audit of the company's annual financial statements were £10,636 (2024: £10,439). No other fees were payable to the auditor, and the audit fees are borne by another company in the group.

4 Directors and employees

There were no employees of the company during the current or preceding year.

Director emoluments are paid by Cadent Gas Limited. It is not practicable to split the directors services or remuneration between Group entities.

The emoluments of the Directors are not paid to them in their capacity as Directors of the company and are payable for services wholly attributable to other subsidiary undertakings. Amounts paid to the Directors for services rendered to all relevant group entities in the current year are disclosed within the Cadent Gas Limited financial statements.

5 Finance income and costs

	2025	2024
	£m	£m
Finance income		
Interest income from financial instruments	**61**	62
Interest receivable and similar income	**61**	62
Finance costs		
Interest expense on financial liabilities held at amortised cost	**(61)**	(62)
Interest payable and similar charges	**(61)**	(62)

6 Taxation

	2025	2024
	£m	£m
Taxation		
Current tax		
UK Corporation tax at 25% (2024: 25%)	**-**	-
Deferred tax		
UK deferred tax	**-**	-
Total tax charge	**-**	-

The tax charge for the year is lower (2024: lower) than the standard rate of corporation tax in the UK of 25% (2024: 25%).

Notes to the financial statements (continued)

For the year ended 31 March 2025

6 Taxation (continued)

	2025	2024
	£m	£m
Profit before tax	**397**	367
Profit before tax multiplied by UK Corporation tax rate of 25% (2024: 25%)	**99**	92
Effect of:		
Tax effect of dividend income not taxable in determining taxable profit	**(99)**	(92)
	-	-

7 Investments in Group undertakings

	2025
	£m
Cost	
At 1 April 2024 & 31 March 2025	**5,106**
Provision	
At 1 April 2024 & 31 March 2025	**(960)**
Net book value	
At 31 March 2025 & 31 March 2024	**4,146**

	2024
	£m
Cost	
At 1 April 2023 & 31 March 2024	5,106
Provision	
At 1 April 2023 & 31 March 2024	(960)
Net book value	
At 31 March 2024 & 31 March 2023	4,146

The net carrying value of the investment held in Quadgas MidCo Limited and its subsidiaries was compared to its recoverable amount as part of the annual impairment review carried out by management.

The impairment test required the comparison of the carrying value of the net assets of the cash generating unit (Cadent Gas Limited) and its recoverable amount.

Recoverable amount is defined as the higher of fair value less costs of disposal or estimated value-in-use at the date the impairment review is undertaken. The recoverable amount of the net assets of the cash generating unit was determined from the value-in-use calculations. The key assumptions for the value-in-use calculation are those regarding the underlying cash flows, including the period and rate over which the regulatory asset is depreciated, discount rate, regulatory weighted average cost of capital, inflation and terminal value cashflow.

7 Investments in Group undertakings (continued)

RIIO-3

Management have been reviewing Ofgem announcements on RIIO-3, given the potential impact on the recoverable amount. On 18 July 2024, Ofgem published the RIIO-3 Sector Specific Methodology Decision which provided more certainty over key items such as the confirmation of the change in the cost of debt funding mechanism (i.e. implementation of the semi-nominal WACC), the range of output delivery incentives, the continuation of the Repex programme and notional company gearing assumptions. The main uncertainty in the price control and regulatory model going forwards that could impact the recoverable amount is the potential change to the regulatory asset depreciation methodology which could impact the profile of future cash flows. Additional sensitivity analysis on the choice of regulatory asset depreciation policy has been performed. At this stage, no policy decisions have been made until the final determination is published and therefore no change has been made to the base case. Management have assessed the potential impact of changes on the estimated value-in-use and have concluded that these would not result in an impairment.

Underlying cash flows

In the short-term, the differences between actual cash flows and prior projections and budgets for Cadent Gas Limited are small due to the stable and predictable nature of the business. With 97% of the revenue formula driven, there is a high level of predictability. This predictability of the cash flows and projections can be seen in the full year performance to 31 March 2025 where the results were broadly in line with the budget. The embedded debt outperforms the baseline allowed debt return following investment by owners at the time of separation from National Grid.

The assumptions used in the Group's Financial Plan 2025 for the period to March 2026 have been applied to the calculations undertaken in completing the impairment test, as detailed below. This Plan includes our Latest Best Estimate for the year to March 2025 which was broadly in line with outturn and a year of forecast data. Our RIIO-3 plan submitted to Ofgem in December 2024 forms the basis for our total expenditure (totex) forecasts up to 2031.

The totex forecasts included in the impairment model are a base case and assume the investment in the network will continue to 2045 and beyond. However, the base case does not include cash flows associated with a significant increase in the number of biomethane connections or the potential to re-purpose the network for hydrogen or other fuels. In a scenario that resulted in the majority of the network being repurposed for use with green gases, we would expect funding through future regulatory price controls. In the base case we continue to assume regulatory asset depreciation of 45 years and investment is fully capitalised into the Regulated Asset Value (RAV) consistent with the current methodology. Ofgem are considering changing its regulatory asset depreciation policy as part of the RIIO-3 price control process and we have performed sensitivity analysis reflecting the impact of potential changes.

We have determined the regulated weighted average cost of capital (WACC) and totex allowances using Ofgem's latest published Price Control Financial Model. The regulatory cost of equity for RIIO-2 is 5.08% (2024: 5.09%) and in management's view is forecast to increase in future price controls through updates to key parameters to reflect the latest market evidence.

Longer term, we have continued to assume that investment reduces in scale post-2032 following completion of the Health and Safety Executive (HSE) mandated iron mains replacement programme but maintenance of the network and the service levels to customers is maintained with continued focus on safety critical investment. As noted above, we have not incorporated into the base case any investment in the network to make it hydrogen ready.

7 Investments in Group undertakings (continued)

Discount rate

Cash flow projections have been discounted to reflect the time value of money, using a pre-tax discount rate of 8.5% (2024: 7.3%). The pre-tax discount rates applied to the cash flow forecasts are derived from our post tax-weighted average cost of capital.

The post-tax weighted average cost of capital is calculated using the capital asset pricing model ("CAPM") and the assumptions used reflect current market assessments. This is then converted to a pre-tax rate using an iterative calculative approach in the value-in-use methodology. This discount rate is applied to the Group's single CGU.

Inflation

In the RIIO-2 period the average CPIH assumption at March 2025 of 4.86% (2024: 4.47%) is aligned to Ofgem assumptions contained within the price control model used for price setting.
The longer-term CPIH assumption reflects the Office of Budget Responsibility's (OBR) long term forecast published in October 2024 and within other external long run forecasts which show a range of potential outcomes between 2.0% - 2.8%.

Terminal value cashflow

A terminal cash flow is applied in 2045; the end of the forecast period. The terminal value is calculated based on a RAV forecast multiple at 2045. Management has derived a RAV multiple of 1.2x (2024: 1.2x) by reviewing external sources of information on similar transactions which is supportive of this assumption.

International Accounting Standard (IAS) 36 states that projections based on budgets and forecasts should cover a maximum of five years whereas management have used projections out to 2045. However, management believe, whilst there is uncertainty when moving from one price control period into the next, there is otherwise a degree of predictability to the cash flows of the assets and therefore management consider that it is appropriate to project out to 2045 before a terminal value is applied.

Climate Change continues to result in uncertainty over the future use of the Cadent Gas assets for transporting natural gas to heat homes and power industry, and management have considered this uncertainty when performing the impairment test. There have been no adjustments to assumptions or cash flows as a result of this uncertainty.

Cadent Gas continues to invest in programmes to support its ambition to make hydrogen a safe, fair and reliable choice for consumers, and has a long-term commitment to decarbonise homes and businesses in a way that minimises the impact to the consumer and creates jobs across the UK. Given the information currently available, it is still reasonable to assume that the entire network will continue to be used in 2045 and beyond, in its current form, adapted to accommodate hydrogen or bio-methane, therefore we consider it appropriate to project out to 2045 before a terminal value is applied.

Climate change presents a significant transitional risk, particularly from low and medium emission scenarios. Although all plausible pathways to net zero contain hydrogen and biomethane, there is a wide range of projections for hydrogen demand volumes and use cases, and the time frame this will all occur over. However, the Government's Ten Point Plan, the Energy White Paper, the Hydrogen Strategy and the Heat and Buildings Strategy all propose a significant role for the gas infrastructure and particularly hydrogen and biomethane in supporting delivery of the UK's net zero ambition.

7 Investments in Group undertakings (continued)

Terminal value cashflow (continued)

Hydrogen is not the only solution to decarbonisation and will be used in combination with other technologies, such as renewable electricity, heat pumps, heat networks, biomethane and other green gases. The uncertainty over which pathway the UK will follow to reach net zero creates transitional risk for all energy utilities associated with accurately planning infrastructure development. The infrastructure we need can take several years to deliver. We are mitigating this by working closely with Government, regulators, system operators, regional and local authorities and customers to understand need and build 'whole system' plans that minimise uncertainty and risk. In September 2024 we published 'The Future of the Gas Network' report which shows how the gas network can be used to support the energy transition and government's net zero target of 2050.

Management have calculated an updated recoverable amount, and the calculation indicated that this was broadly consistent with the prior year calculation. This has resulted in no impairment either being recognised or reversed in the year.

Further sensitivity and key assumptions are included in note 15.

Carrying value comprised the investment in subsidiary undertakings

Name of Subsidiary	% Holding	Principle activity	Country of Incorporation
Quadgas MidCo Limited	100%	Intermediate Holding company and provision of long term finance	England and Wales
Quadgas Finance Plc	100%*	Provision of long term finance	England and Wales
Cadent Gas Limited	100%*	Gas Distribution	England and Wales
Cadent Finance Plc	100%*	Provision of long term finance	England and Wales
Cadent Services Limited	100%*	Provision of services (including property management)	England and Wales
Cadent Gas Pension Trustee Limited	100%*	Trustee of occupational pension scheme	England and Wales
Cadent Gas Pension Property Company 1 Limited	100%*	Trustee of property assets of occupational pension scheme	England and Wales
Cadent Gas Pension Property Company 2 Limited	100%*	Trustee of property assets of occupational pension scheme	England and Wales
Cadent Gas Pension Services Limited **	100%*	Management of pension services	England and Wales

* Indirect ownership

** Cadent Gas Pension Services Limited was dissolved on 7 June 2025.

The registered address of these investments is Pilot Way, Ansty Park, Coventry, CV7 9JU, United Kingdom.

8 Amounts owed by subsidiary undertakings

	2025 £m	2024 £m
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertakings:	**902**	902
Loss allowance	**(2)**	(2)
	900	900

The company acts as a holding company. Debt finance passes through the company from its immediate parent Quadgas HoldCo Limited to its immediate subsidiary Quadgas MidCo Limited on identical terms. The exposure prior to the loss allowance is therefore £Nil.

The company measures the loss allowance for amounts owed by immediate parent company at an amount equal to 12 month expected credit loss, representing a stage 1 financial asset.

Financial assets are impaired by calculating the probability of default and the estimated recoverable amount given default, which is used to calculate the expected credit loss. the company has taken default to be defined as a counterparty that has entered administration. See note 2 for further detail.

9 Dividends

	2025 £m	2024 £m
An interim dividend of 3.90p per ordinary share amounting to £199,319,683 was declared on the 25 September 2024, and paid on the 26 September 2024	**200**	-
A final dividend of 3.86p per ordinary share amounting to £197,241,179 was declared on the 23 January 2025, and paid on the 27 January 2025	**197**	-
An interim dividend of 2.53p per ordinary share amounting to £129,110,000 was declared on the 22 September 2023, and paid on the 26 September 2023	**-**	129
A second interim dividend of 4.66p per ordinary share amounting to £237,937,737 was declared on the 24 January 2024, and paid on the 25 January 2024	**-**	238
	397	367

No further dividends are proposed for the current financial year.

10 Amounts owed to Group undertakings

The following table analyses the company's total borrowings:	2025 £m	2024 £m
Amounts falling due after more than one year:		
Amounts owed to group undertakings	**902**	902
	902	902

Borrowings comprise of an unsecured loan of £902m (2024: £902m) from Quadgas HoldCo Limited, the company's immediate parent company. The loan carries a fixed rate of interest of 6.8% per annum with repayment on 30 April 2042.

11 Share Capital

	2025	2024
	£	£
Allotted, called-up and fully paid		
5,105,581,781 ordinary shares of £0.0001 each	**510,558**	510,558
	510,558	510,558

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption between the company and the Consortium.

12 Commitments and contingencies

There are debt issuances by the company's subsidiaries, Quadgas MidCo Limited and Quadgas Finance Plc, which the company has guaranteed and has committed to honour any liabilities should either company have any financial difficulties.

13 Post balance sheet events

On 30 April 2025, Quadgas PledgeCo Limited amended the terms on its £902 million internal loan from its immediate parent Quadgas HoldCo Limited, extending the termination date to 30 April 2050 and increasing the interest rate to 8.1%. All other terms remain unchanged. At the same time, Quadgas PledgeCo Limited also amended the terms on the internal loan made to its subsidiary Quadgas MidCo Limited, extending the termination date to 30 April 2050 and increasing the interest rate to 8.1%. All other terms remain unchanged.

14 Ultimate parent company

The ultimate parent and controlling company is Quadgas Holdings TopCo Limited and the immediate parent company is Quadgas HoldCo Limited. The largest and smallest groups which include the company and for which consolidated financial statements are prepared are headed by Quadgas Holdings TopCo Limited and Quadgas HoldCo Limited respectively. Quadgas Holdings TopCo Limited is registered in Jersey and Quadgas HoldCo Limited is registered in England and Wales.

Copies of Quadgas HoldCo Limited’s consolidated financial statements can be obtained from the Company Secretary, Pilot Way, Ansty Park, Coventry, CV7 9JU, United Kingdom.

Copies of Quadgas Holdings TopCo Limited’s consolidated financial statements can be obtained from the Registered Office, Quadgas Holdings TopCo Limited, 3rd Floor 37 Esplanade, St. Helier, JE1 1AD, Jersey.

Notes to the financial statements (continued)
For the year ended 31 March 2025

15 Sensitivity analysis

In order to give a clearer picture of the impact on our results or financial position of potential changes in significant estimates and assumptions, the following sensitivities are presented. These sensitivities are hypothetical, as they are based on assumptions and conditions prevailing at the period end, and should be used with caution. The effects provided are not necessarily indicative of the actual effects that would be experienced because our actual exposures are constantly changing. The sensitivities shown are changes that management deem reasonably likely within the next 12 months.

The sensitivities in the table below show the potential impact in the income statement (and consequential impact on net assets) for a range of different variables each of which have been considered in isolation (i.e., with all other variables remaining constant). There are a number of these sensitivities which are mutually exclusive and therefore if one were to happen, another would not, meaning a total showing how sensitive our results are to these external factors is not meaningful.

The sensitivities all have an approximately equal and opposite effect if the sensitivity increases or decreases by the same amount unless otherwise stated. A negative value in the table below indicates the value of impairment which would be recognised, whereas a positive value indicated an increase in headroom. An increase in the carrying value of the investment can only be recognised to the extent that it reverses a previous impairment, in line with the requirements of IAS 36.

	2025		2024	
	Income Statement £'000s	**Net Assets £'000s**	Income Statement £'000s	Net Assets £'000s
Investment in Group undertakings impairment				
CPI decrease of 0.5%	**(195)**	**(195)**	(262)	(262)
Pre-tax discount rate increase of 0.5%	**(410)**	**(410)**	(245)	(245)
Terminal Value change of 0.05 multiple	**-**	**-**	-	-
Cost of Equity within Regulatory WACC decrease of 0.5% (i)	**-**	**-**	-	-
Regulatory asset depreciation - Option 1 (ii)	**-**	**-**	n/a	n/a
Regulatory asset depreciation - Option 2 (ii) with Acceleration Factor 1 (iii)	**(280)**	**(280)**	n/a	n/a
Regulatory asset depreciation - Option 3 (ii) with Acceleration Factor 1 (iii)	**(280)**	**(280)**	n/a	n/a
Regulatory asset depreciation - Option 4 (ii)	**-**	**-**	n/a	n/a

Ofgem determinations for RIIO-3 are expected in the next 12 months following the publication of these accounts.

(i) In both years sensitivity was applied from RIIO-3 onwards.

15 Sensitivity analysis (continued)

(ii) Ofgem has set our 4 potential options for changing the current regulated asset depreciation policy for RIIO-3 onwards:

Option	Description
1 - Sum-of-digits to 2050	A sum-of-digits profile with asset lives set such that the RAV is fully depreciated by the government net zero target date.
2 - Sum-of-Digits (Variable) to 2050	As with option 1, but with an acceleration factor decided at each price control and applied to the depreciation amount for that period to accelerate payments as required.
3 - Straight Line (Variable) to 2050	As with option 2, but with a straight-line profile rather than sum-of-digits. The acceleration factor will be chosen based on the same metrics as option 2.
4 - New Investments Sum-of-Digits to 2050	Leave depreciation policy for existing assets unchanged. Set a new policy for new additions to the RAV. This would be a sum-of digits profile with asset lives set such that the new investment is fully depreciated by the government net zero target date.

Further details can be found within table 19 on pages 180 and 181 of Ofgem's RIIO-GD3 SSMD Finance Annex https://www.ofgem.gov.uk/sites/default/files/2024-07/RIIO-3_SSMD_Finance_Annex.pdf. These sensitivities represent applying each depreciation policy to the base case during the forecast period to 2045 and applying the base case terminal value at that point.

(iii) Ofgem have indicated the potential for variable acceleration factors to be included within their depreciation Options 2 and 3. In setting the level of the acceleration factor Ofgem have said they would take into account four metrics: RIIO3 consumer bills, future consumer bills, perceived asset stranding risk and financeability. These sensitivities have assumed an acceleration factor of 1 in line with Ofgem’s business planning guidance for our December 2024 submission. In isolation it is not reasonably possible that a change in the acceleration factor could result in an impairment.