Northern Gas Networks Finance Plc

Annual Report and accounts
for the year ended 31 March 2026

Registered number: 05575923

Strategic report

For the year ended 31 March 2026

The directors present their Annual Report on the affairs of the company, together with the accounts and auditors' report for the year ended 31 March 2026. The accounts are presented under Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council.

Principal activities of the business

The company's primary role is to ensure that the Northern Gas Networks Holdings Limited (NGNH) group continues to have access to the required funds needed to operate. The company accesses long term facilities which are then utilised by the group.

Business review

The company's balance sheet shows that the net financial position as at 31 March 2026 is consistent with prior year with net assets of £50,000 (2025: £50,000).

Key performance indicators

The company is managed as part of the overall group. For this reason, the company's directors believe that specific key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the group, including the company and the groups commitment to sustainability, is discussed in the NGNH Annual Report. Streamlined Energy and Carbon Reporting is shown within the NGNH Annual Report.

Future prospects and subsequent events

The directors expect the future prospects of the company to be consistent with performance shown within this Annual Report and accounts. As shown in note 5 the company holds a bond liability of £250m which will be repaid in June 2027. To facilitate this repayment, the company will recall the same value from the group undertaking debtor shown within note 3. Going concern details can be found within the Directors' report.

No subsequent events exist.

Principal risks and uncertainties

The company is financed by bonds, the proceeds of which have been loaned to its parent company. Associated risks are discussed in the next section and further details can be found within the accounts of NGNH.

Financial risk management objectives and policies

The company's financial instruments comprise guaranteed bonds and intercompany debt. The main purpose of these financial instruments is to finance the group's operations. The main qualitative and quantitative risks arising from the company's financial instruments are liquidity risk, credit risk and interest rate risk. The directors review and agree the policies for managing each of these risks and they are summarised below.

Financial risk management objectives and policies (continued)

Liquidity risk

The maturity of debt facilities and other amortising loans are managed such that at any one time all have a time to maturity of more than one year, and that at least 50% by value have a time to maturity of more than five years. This policy can be broken if an alternative solution to the risk is recommended by the group Treasury Committee and approved by the Board. Debt and facility maturities avoid excessive concentrations in any twelve month period, as well as the period around regulatory reset dates where possible.

The balance sheet of the company and note 3 show group intercompany balances with the parent of the company, being Northern Gas Networks Limited (NGN). The directors of the company are also directors of NGN and consider it a going concern, having reviewed the results and forecasts to December 2030, noting that it has regulated revenue until 31 March 2031 and working capital headroom. As such the directors do not consider the recovery of intercompany balances a risk.

Credit and interest rate risk
Any credit and interest rate exposure to the company is borne by the parent company as all costs and interest liabilities are recharged. The parent company monitors the risk of the group in relation to various financial instruments held, through monitoring of the credit standing of counterparties with whom it has financial exposure and through hedging.

Section 172(1) statement
The Board recognises the importance of stakeholder engagement in delivering the long-term and sustainable success of the company. When making decisions the directors have regard to the likely long-term impact of those decisions and also their responsibilities and duties to stakeholders relevant to the company's operations. Directors receive training on their duties as part of their induction, which is refreshed on an ongoing basis as necessary. As far as the Directors are aware all legal requirements under section 172 of the Companies Act have been complied with during the period and up to the date of signing the accounts. The statement describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) of Companies Act, as listed below, noting the company has no employees:

- the likely consequences of any decision in the long term (approving the strategic direction and values);
- the desirability of the company maintaining a reputation for high standards of business conduct;
- the need to foster the company’s business relationships with suppliers, customers and others;
- the impact of the company’s operations on the community and the environment; and
- the need to act fairly as between members of the company.

Approving the strategic direction and values, with consideration of the likely consequences in the long term

The Board is responsible to the shareholders for the strategic direction of the company in both the short and long term

Section 172(1) statement (continued)

and seeks to balance the best interests of the company with the objective of enhancing shareholder value. At the balance sheet date, the company holds bonds as detailed in note 5. The Board expect the CEO to develop and maintain a control environment which protects the company's assets. The Board ensure this is achieved through several processes including the establishment of an NGN group risk register which is reported to the Board (via the NGN management committee). This register quantifies the impact of risks facing the company, and documents the likelihood of the risk occurring, along with the controls which exist to mitigate the risk. The Board have established an internal audit function which undertakes independent appraisals and provides assurance on the adequacy and effectiveness of business controls. The schedule of work carried out by internal audit is planned and Board approved (through the NGN group committee meeting) so that key or higher risk areas are reviewed on a recurring basis, and all findings are reported by internal audit to the audit committee.

Maintaining a reputation for high standards of business conduct

As a company we believe that we are trusted by our stakeholders and have a good reputation for high standards of professionalism within the business we conduct. As part of this the Board look for a strong control environment which is managed through the CEO as detailed in the section above.

Maintaining relationships with key suppliers, customers and other

Due to the nature of the company the only external key suppliers are the long-standing bond holders. The Board are focused on maintaining strong relationships with the bond holders to ensure this is to the benefit of both parties, which is managed through the NGN treasury manager and NGN Finance Director.

Monitoring the impact of the company: environmental matters and community impact

Given the nature of the company no environmental or community impact exists. Further details of how the NGNH group are taking actions to ensure it is a good corporate citizen with regards to sustainability are detailed within the NGNH Annual Report.

Maintenance of the need to act fairly between members of the company

The Board is comprised of directors who are appointed by the shareholders of the group. As such each shareholder has representation and the ability to contribute to all Board meetings and so influence the decisions made by the Board.

Approved by the Board and signed on its behalf by

M Horsley

M J Horsley, Director

9 July 2026

Directors' report

For the year ended 31 March 2026

The directors present their Annual Report on the affairs of the company, together with the audited accounts and auditors' report for the year ended 31 March 2026. The following have been disclosed in the strategic report and are included in this report by cross reference: principal activities of the business, business review, future prospects and subsequent events, principal risks and uncertainties, finance risk management and policies and statement of corporate governance arrangements. Streamlined Energy and Carbon Reporting is shown within the NGNH Annual Report.

Directors

The directors of the company who were in office during the year and up to the date of signing the accounts were:

S D Beer	(resigned 8 Jully 2026)	D N Macrae
L S Chan		N D McGee
M J Horsley	(Chief Executive Officer)	C C Tsai
A J Hunter	(Chairman)	J K M Yu
H L Kam		

The Board of Directors

The daily operations of the business are managed by a Senior Management Team ("SMT") and the Chief Executive Officer ("CEO"). All significant decisions are referred to the Northern Gas Networks Limited Board of Directors. The Northern Gas Networks Finance Plc Board of Directors ("the Board") meets at least twice a year. The number of Board meetings held during the year and attendees (including alternates) at the Board meetings are detailed below:

Year ended 31 March 2026		Year ended 31 March 2025	
Date	Attendees	Date	Attendees
15 July 2025 21 January 2026	9 out of 9 9 out of 9	16 July 2024 28 October 2024 22 January 2025	9 out of 9 3 out of 9 9 out of 9

The effectiveness of systems and internal controls are reviewed on an ongoing basis by the SMT. The Board is ultimately responsible for the system of internal controls and for the review of their overall effectiveness.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors. This was in place during the year and remains in force at the date of this report.

Dividends

The directors do not recommend payment of a dividend during the current year, during the prior year, and during the period up to the date of the signing of the accounts.

Going concern

The company's business activities, performance and position, together with the principal risks and uncertainties likely to affect its future development and performance, are set out on pages 2 to 5. Given the role of the company is to access debt on behalf of the group, going concern is assessed on a company and group basis. As shown in note 5 the company holds a bond liability of £250m which will be repaid in June 2027. To facilitate this repayment, the company will request payment of the same value from the group undertaking debtor shown within note 3. A letter of support from Northern Gas Networks Holdings Limited has been received by the directors, providing financial support as is necessary to enable the company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the accounts.

The directors have made enquiries and reviewed the group forecasts for the going concern period of 12 months from the date the financial statements are approved for issue, and have also considered a group longer viability period to December 2030 which include assessment of covenants, and in light of the facilities available, have a reasonable expectation that the group has adequate resources to continue in operational existence and meet its liabilities for at least 12 months from the date of signing the accounts. Assessment includes scenario modelling of not being able to borrow an additional £200m bond, which did not impact the going concern assessment. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Statement of corporate governance arrangements

The group recognises the importance of robust governance in meeting its strategic objectives and delivering shareholder value. The group continues to voluntarily adopt the Wates Corporate Governance Principles for Large Private Companies ('Wates Principles') as its corporate governance code.

Details of how the group has applied the Wates Principles throughout the year and the group's governance framework, which follows best practice and is considered suitable for its ownership, size, structure and complexity of operations, are explained in the Corporate Governance statement of the annual report and financial statements of Northern Gas Networks Holdings Limited.

In compliance with the requirements set out in Disclosure Guidance and Transparency Rules (DTR) 7.1.1 and 7.1.3, the Audit and Risk Committee of Northern Gas Networks Holdings Limited is the Audit Committee for the company.

As required under DTR 7.2.5, details on the main features of the company's internal control and risk management systems in relation to the financial reporting process can be found in the Strategic Report.

Disclosure of information to auditors

Each of the directors at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent auditors

Pricewaterhouse Coopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor.

Approved by the Board and signed on its behalf by:

M Horsley

M J Horsley, Director
9 July 2026
1100 Century Way, Leeds, LS15 8TU

Directors' responsibilities statement in respect of the financial statements

The directors are responsible for preparing the Annual Report and accounts in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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, comprising FRS 102 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 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 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 responsible for the maintenance and integrity of the company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Independent auditors’ report to the members of Northern Gas Networks Finance Plc

Report on the audit of the financial statements

Opinion

In our opinion, Northern Gas Networks Finance Plc’s financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 March 2026 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and accounts (the “Annual Report”), which comprise:

- the Balance Sheet as at 31 March 2026;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the Statement of Accounting Policies; and
- the notes to the financial statements.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC’s Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC’s Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

Independent auditors' report to the members of Northern Gas Networks Finance Plc (continued)

Our audit approach

Overview

Audit scope

- Our audit was scoped based on our understanding of the company and its environment, our assessment of the risk of material misstatement and the internal control framework. All material balance sheet, profit and loss account and statement of comprehensive income balances have been audited.

Key audit matters

- Recoverability of debtors from group undertakings

Materiality

- Overall materiality: £11,905,000 based on 1% of total creditors.
- Performance materiality: £8,928,750.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Recoverability of debtors from group undertakings Refer to page 22 (key sources of estimation uncertainty), page 20 (accounting policies) and Note 3 in the financial statements. There is a significant level of judgement involved in determining the recoverability of debtors from group undertakings based on the financial position and future prospects of the group undertakings. This takes into consideration a range of factors such as the trading performance of the group undertakings, the expected revenue growth, cash flows and its operations.	We obtained an understanding of relevant controls related to the valuation and recoverability of debtors from group undertakings; We evaluated the directors' judgement, in accordance with FRS 102, regarding the recoverability of amounts receivable from group undertakings by obtaining the latest audited financial information and assessing the expected future trading performance of the group undertakings, including their capacity to repay the outstanding balances; We evaluated management's cash flow projections, challenging the key assumptions, including revenue growth, based on our knowledge of the business and general market conditions affecting the group undertakings and our understanding of the future performance of the business; We assessed the historical accuracy of management's forecasts by comparing the actual results to forecasts; and We also assessed the adequacy of the disclosures related to the recoverability of debtors from group undertakings and are satisfied that appropriate disclosure has been made. Based on the work performed we concluded that debtors from group undertakings are appropriately stated.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The company is part of a group which operates with one central finance function, based at the registered office of Northern Gas Networks Holdings Limited, the parent of the Northern Gas Networks Finance Plc. This function is overseen by the Northern Gas Networks Holdings Limited Audit Committee which reports into the board on a regular basis. All work on all material financial statement line items were completed by the same group audit team given the single location of the finance function.

The impact of climate risk on our audit

As part of our audit, we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements and the timescale and impact of any 'net zero' commitments. Management have made a commitment to reach net zero greenhouse gas ('GHG') emissions across the group's value chain by 2050.

We remained alert when performing our audit procedures for any indicators of the impact of climate risk. In particular, we considered the nature and potential impact related to company's parent Northern Gas Networks Limited which may impact their ability to repay the amounts due from group undertakings.

Our procedures did not identify any material impacts as a result of climate risk on the group's and company's financial statements.

Independent auditors’ report to the members of Northern Gas Networks Finance Plc (continued)

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£11,905,000
How we determined it	1% of total creditors
Rationale for benchmark applied	This benchmark has been chosen because the Company acts as a funding vehicle for the wider Northern Gas Networks Group. The key measure for the Company is its amounts owed by group undertakings and the recoverability of said amount in order to fund its ability to settle liabilities as they fall due.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £8,928,750 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £595,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors’ assessment of the company’s ability to continue to adopt the going concern basis of accounting included:

- Assessing the letter of support that has been received from the parent entity, Northern Gas Networks Holdings Limited as well as evaluating its ability to provide appropriate financial support to the Company for a period of at least 12 months from the date of signing the financial statements which included the following procedure:
- Reviewed and verified management’s group cash flow forecasts, facility agreements, and supporting documentation for accuracy and reliability;
- Evaluated assumptions, base case and downside scenarios, covenant compliance, and future plans related to the group going concern assessment; and
- Reviewed of the disclosures made in respect of going concern included in the financial statements.

Independent auditors' report to the members of Northern Gas Networks Finance Plc (continued)

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2026 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Independent auditors' report to the members of Northern Gas Networks Finance Plc (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, UK tax legislation and UK listing rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in key accounting estimates and posting of inappropriate journal entries to improve the group's result for the period. Audit procedures performed by the engagement team included:

- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- testing accounting estimates that we deemed to present a risk of material misstatement, including assessing the data, methods and assumptions applied by management in the development of each estimate;
- identifying and testing journal entries using a risk-based targeting approach for unexpected account combinations; and
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Independent auditors' report to the members of Northern Gas Networks Finance Plc (continued)

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

We were first appointed by the company for the financial year ended 31 March 2026. Our uninterrupted engagement covers 1 financial year.

Victoria Coe

Victoria Coe (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
9 July 2026

Statement of comprehensive income

For the year ended 31 March 2026

	Notes	2026 £'000	2025 £'000 (restated)
Operating result		-	-
Finance charges		64,182	58,690
Finance income		(64,182)	(58,690)
Finance charges (net)	1	-	-
Result on activities before taxation		-	-
Tax on result		-	-
Result for the financial year		-	-
Other comprehensive result		-	-
Total comprehensive result		-	-

Refer to note 1 for details of the restatement.

The above results arise from continuing operations.

The result for the year is all attributable to the equity shareholders of the company.

The accompanying notes on pages 23 to 26 are an integral part of this statement of comprehensive income.

Balance sheet

As at 31 March 2026

	Notes	2026 £'000	2025 £'000
Current assets			
Debtors			
– due within one year	3	34,581	34,229
– due after one year	3	1,156,060	1,156,241
		1,190,641	1,190,470
Creditors: Amounts falling due within one year	4	(37,293)	(37,293)
Net current assets		1,153,348	1,153,177
Total assets less current liabilities		1,153,348	1,153,177
Creditors: Amounts falling due after more than one year	5	(1,153,298)	(1,153,127)
Net assets		50	50
Capital and reserves			
Called-up share capital	6	50	50
Profit and loss account		-	-
Total shareholders' funds		50	50

The accompanying notes on pages 23 to 26 are an integral part of this balance sheet.

The accounts on pages 16 to 26 were approved by the Board of Directors on 8 July 2026 and signed on its behalf by:

M J Horsley, Director

9 July 2026

Statement of changes in equity

For the year ended 31 March 2026

	Profit and loss account £'000	Called up share capital £'000	Total £'000
At 1 April 2024	-	50	50
Total comprehensive result	-	-	-
At 31 March 2025	-	50	50
Total comprehensive result	-	-	-
At 31 March 2026	-	50	50

The accompanying notes on pages 23 to 26 are an integral part of this statement of changes in equity.

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

Basis of accounting

Northern Gas Networks Finance plc is a company incorporated in the United Kingdom under the Companies Act 2006. The company is a private company limited by shares and is registered in England and Wales. The address of the company is 1100 Century Way, Thorpe Park Business Park, Colton, Leeds, LS15 8TU. The accounts have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. Principal activities and nature of operations are shown in the strategic report. The functional and presentational currency is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of disclosure exemptions available to it:

- From preparing a statement of cash flows, in accordance with Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);

- From the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures; and

- From disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7 and from disclosing related party transactions which are shown within the consolidated accounts of NGNH.

The results of the company are consolidated in the account of NGNH which can be obtained from 1100 Century Way, Thorpe Park Business Park, Colton, Leeds, LS15 8TU.

Going concern

The company's business activities, performance and position, together with the principal risks and uncertainties likely to affect its future development and performance, are set out on pages 2 to 5. Given the role of the company is to access debt on behalf of the group, going concern is assessed on a company and group basis. As shown in note 5 the company holds a bond liability of £250m which will be repaid in June 2027. To facilitate this repayment, the company will request payment of the same value from the group undertaking debtor shown within note 3. A letter of support from Northern Gas Networks Holdings Limited has been received by the directors, providing financial support as is necessary to enable the company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the accounts. The directors have made enquiries and reviewed the group forecasts for the going concern period of 12 months from the date the financial statements are approved for issue, and have also considered a group longer viability period to December 2030 which include assessment of covenants, and in light of the facilities available, have a reasonable expectation that the group has adequate resources to continue in operational existence and meet its liabilities for at least 12 months from the date of signing the accounts. Assessment includes scenario modelling of not being able to borrow an additional £200m bond, which did not impact the going concern assessment. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the

Financial instruments (continued)

credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law

f) Contractual provisions may permit the extension of the debt instrument provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

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

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

Interest receivable and payable is recognised on an accruals basis. All costs within the year are recharged so that the company makes a result of £nil within each accounting period

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company accounting policies, which are described in the statement of accounting policies, 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 judgements in applying the group's accounting policies
There are no critical judgements, apart from that detailed below within 'key sources of estimation uncertainty', that the directors have made in the process of applying company accounting policies.

Key sources of estimation uncertainty

As detailed in Note 3, the company has debt due from Northern Gas Networks Limited totalling £1,190.6 million as at 31 March 2026 (2025: £1,190.5 million). The directors consider this balance to be fully recoverable based on their review of future forecasts, the latest financial statements, net assets, liquidity and available funding, in assessing Northern Gas Networks Limited's ability to settle the balance as it falls due. Management considers the debt to be repayable by Northern Gas Networks Limited in accordance with the agreed repayment schedule. Based on this assessment, the directors have concluded that there has not been a significant increase in credit risk and that no impairment provision is required as at 31 March 2026.

1 Finance charges (net)

	2026 £'000	2025 £'000
Interest payable on bonds	63,830	58,369
Amortisation of bond fees	352	321
Finance charges	64,182	58,690
Finance income	(64,182)	(58,690)
	-	-

Interest receivable and similar income is all received from the immediate parent undertaking NGN. All interest payable on the bonds is recharged to the parent company through an intercompany loan under equivalent terms as the external bonds. See note 3 for details of maturity dates. The profit & loss account for the prior year is restated to present finance income and finance costs on a gross basis. No costs or expenses have changed, with the restatement simply splitting out the interest expenses of £58.7m and interest income of £58.7m as shown in the above table.

2 Directors' remuneration and auditor's fee

The directors did not receive or accrue any remuneration in relation to their services to the company during the current or prior year. The total remuneration received by the directors during the year was £1,481,910 (2025: £1,250,000) which was paid by other group companies for their services to the group. The audit fee of £32,000 (2025: £13,000) in relation to the audit of the company is borne by Northern Gas Networks Limited. No other services were provided to the company by the auditor in either year. There are no employees other than the directors (2025: none).

3 Debtors

	2026 £'000	2025 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	34,581	34,229
	34,581	34,229
Amounts falling due after one year:		
Amounts owed by group undertakings	1,156,060	1,156,241
	1,156,060	1,156,241
	1,190,641	1,190,470

Amounts relate to bond proceeds which have been loaned to Northern Gas Networks Limited, and any associated interest accruals and costs.

3 Debtors (continued)

The book value of group loans, excluding finance costs, as at 31 March 2026 are repayable in tranches: £250.0m on 30 June 2027, £255.0m on 15 November 2035, £198.6m on 23 March 2040, £451.6m on 2 June 2033 and £0.9m on 30 June 2031 in line with the related bond repayments (see note 5). These balances have arisen due to the loaning of raised funds to other group companies. Interest is paid annually in line with the related bond interest payment dates as set out in note 5 at a rate equivalent to that paid on the related bonds. The amounts owed by group undertakings are not impaired and are fully recoverable as the group undertaking holding the debt has been deemed a going concern by the directors of that company, has sufficient net assets to be able to repay the debt, and is forecasting future profits.

4 Creditors: Amounts falling due within one year

	2026 £'000	2025 £'000
Accruals	37,293	37,293
	37,293	37,293

5 Creditors: Amounts falling due after more than one year

	2026 £'000	2025 £'000
Green bond due 2031	869	924
Bond due 2027	249,972	249,888
Bond due 2033	449,755	449,721
Bond due 2035	254,840	254,885
Bond due 2040	197,862	197,709
	1,153,298	1,153,127

Details of these bonds are shown below.

5 Creditors: Amounts falling due after more than one year (continued)

Bond	Rate of interest and annual interest rate payment date	Redeemable at par on	Book value (gross) £m		Book value (net of costs) £m		Value at maturity £m	
			2026	2025	2026	2025	2026	2025
Green bond	1.600% 30 June	30 Jun 2031	0.9	0.9	0.9	0.9	0.9*	0.9*
Bond (2027)	4.875% 30 June	30 Jun 2027	250.0	250.0	250.0	249.9	250.0	250.0
Bond (2033)	6.125% 2 June	2 Jun 2033	451.6	451.9	449.8	449.7	450.0	450.0
Bond (2035)	4.875% 15 November	15 Nov 2035	255.0	255.0	254.9	254.9	255.0	255.0
Bond (2040)	5.625% 23 March	23 Mar 2040	198.6	198.5	197.9	197.7	200.0	200.0

* Holders of green bonds are entitled to request redemption of held bonds annually as at 30 June. The term of the bonds means that the company is only entitled to redeem up to 5% of the initial £1.0m of bonds issued at each annual date.

The 2027, 2033, 2035 and 2040 bonds are listed on the London Stock Exchange. The green bonds are not traded. Covenant reporting, which is non-financial and refers to compliance with the bond terms, is completed annually. No covenant breaches have been reported.

Maturity analysis of bonds

Maturity analysis of interest and repayments:	2026 £'000	2025 £'000
In one year or less	63,446	63,446
In more than one year but less than two years	313,447	63,446
In more than two years but less than five years	153,776	415,963
In more than five years but less than ten years	907,034	679,611
In more than ten years but less than twenty years	245,000	523,681
	1,682,703	1,746,147

Maturity is measured as actual cash flows.

6 Called-up share capital and reserves

Share capital	2026 £'000	2025 £'000
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each (2025 - 50,000 ordinary shares of £1 each)	50	50

The profit and loss account is the accumulative earnings retained by the company.

7 Financial commitments

The company has a total commitment of £3.1m (2025: £3.6m) over the term of the 2027 and 2035 bonds in relation to a financial guarantee from Financial Guaranty UK Limited (FGUK) to cover the 2027 and 2035 bonds included within long term borrowings in note 5. The company has also entered into a Guarantee and Reimbursement Agreement with FGUK in conjunction with its parent NGN, in relation to those bonds. NGN Limited guarantees the punctual payment of any and all sums and fees due to FGUK. NGN Limited also indemnifies FGUK against any loss or liability suffered, if any obligation guaranteed by FGUK is, or becomes, unenforceable, invalid or illegal. The amount of the loss or liability under the indemnity is equal to the amount FGUK would otherwise have been entitled to recover.

8 Related party transactions

The company is a wholly owned subsidiary and utilises the exemption contained in FRS 102 section 33 2.2, "Related Party Disclosures", not to disclose any transactions with wholly owned entities that are part of the group.

9 Ultimate controlling party and events after the balance sheet date

The directors regard NGNH, a company incorporated in England and Wales (registered office being 1100 Century Way, Thorpe Park Business Park, Colton, Leeds, LS15 8TU), as the ultimate parent company and the ultimate controlling party. NGN is the immediate parent company. NGNH is the parent company of the largest and smallest group of which the company is a member and for which group accounts are drawn up. Copies of the accounts are available from 1100 Century Way, Thorpe Park Business Park, Colton, Leeds, LS15 8TU.

As at the balance sheet date, the Shareholders of NGNH are a consortium consisting of:

PG (April) Limited (47.1%)
Beta Central Profits Limited (41.3%)
SAS Trustee Corporation, incorporated in Australia (11.6%)

On 7 May 2026 the 11.6% shareholding held by SAS Trustee Corporation was transferred to J P Morgan Nominees Australia Pty.