Northern Gas Networks Operations Limited

Annual Report and accounts
for the year ended 31 March 2026

Registered number: 03528783

Strategic 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 auditor's 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 purpose is to operate and maintain the North of England gas distribution network on behalf of its parent Northern Gas Networks Limited (NGN), so that the Northern Gas Networks group provide safe and secure gas supplies to the people and the businesses within the distribution network. NGN hold all licence obligations with Ofgem and the Health and Safety Executive (HSE) and own the network assets. The company and NGN are part of the Northern Gas Networks Holdings Limited (NGNH) group.

The company is the operational entity with the cost of all work recharged to NGN. The group's vision of success is to be consistently viewed by the regulators, Ofgem and the HSE as being market leading in safety management, efficiency and customer service, which in turn will generate value to the shareholders of the group. The group continues to look at how it can improve sustainability, including research and development into the use of the existing network infrastructure within the future energy needs of the region in which it operates. No significant changes to the business model are expected.

Business review
Operating profit for the year was £100,000 (2025 - £100,000) as all costs plus a margin are recharged to NGN. The balance sheet as at 31 March 2026 shows net assets of £1.1m (2025 - £1.1m), the movement due to the profit in the year.

The company recognises the importance of its environmental and sustainability responsibilities. It undertakes its operations in an environmentally sensitive manner, complying with all relevant legislative requirements and higher standards where possible. The company's environmental management systems are certified under ISO 14001. This helps the directors to deal proactively with future environmental issues and legislation and assist in the development of environmentally beneficial projects. Further details of how the NGN group recognise the importance of environmental and sustainability responsibility, including carbon footprint, can be found within the accounts of NGNH.

Key performance indicators
The company is managed as part of the overall group with costs recharged to NGN. 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 group's commitment to sustainability, is discussed in the accounts NGNH.

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.

No subsequent events exist.

Principal risks and uncertainties

The company's principal risks and uncertainties are set out below. Further risks of the wider NGN group can be found within the accounts of NGNH.

Regulatory environment, revenue and costs

The gas industry is subject to extensive legal and regulatory obligations and controls with which the company must comply. The application and possible changes of these laws, regulations and regulatory standards could have an adverse effect on the operations and financial position of the company or, in the case of misreporting, a potential fine.

Mitigation

The company as part of the NGN group engages with the regulatory authority extensively at all levels of seniority, to understand future plans within the industry and potential impacts on the business. The company has in place an extensive set of policies and procedures to ensure compliance with legal and regulatory obligations.

All legal and regulatory obligations required during RIIO-GD2 and RIIO-GD3, which covers the 10 years ended 31 March 2031 are understood.

Health and safety

There is a risk that an incident within the network leads to injury to an employee, contractor or a member of the general public. Any such incident could have an adverse effect primarily for individuals concerned, but also on the reputation of the group, or lead to potential prosecution or reduced productivity.

Mitigation

Health and Safety is the number one priority. The business has an Environment, Health & Safety team that ensure compliance with group management safety systems and monitor performance.

Network performance (including cyber risk)

If the network assets were to fail it could result in a loss in supply of gas to customers and associated adverse publicity and an unexpected increase in costs. The biggest cyber risk to the group is the loss of control over the network.

Mitigation

The group has a set of policies and procedures to ensure the integrity of the network and ensure that the people who work on the network are qualified and competent. The group has comprehensive IT infrastructure governance which covers cyber risk. Additionally, mitigation plans are an integral aspect of the control environment throughout all aspects of the group including network performance and cyber security.

Principal risks and uncertainties (continued)

Employees
The success of the company depends to a significant extent on the contribution of its employees and the employees of operational contractors. Fair and effective recruitment, training and employee development are critical to the successful functioning and progression of the business.

Mitigation
Appropriate succession planning strategies mean that development of existing staff is crucial. The company, as an equal opportunities employer, ensures that no job applicant receives less favourable treatment because of his or her age, colour, disability, ethnic or national origin, gender, marital status or sexuality or is disadvantaged by conditions or requirements which are irrelevant to performance and the company's needs. The company has published its gender pay gap analysis which can be found at: https://www.northerngasnetworks.co.uk/document-library/ further details of which can also be found in the accounts of NGNH. The company complies with all UK human rights laws and has processes and procedures to assess risk in this area, including an employee grievance procedure. The company also has a fraud policy statement which protects employees from bribery and corruption. No significant issues have been reported in the year.

Financial risk management objectives and policies
The company's financial instruments comprise group debtors, cash and various items such as trade debtors and trade creditors that arise directly from its operations. There are no uncontrolled key risks associated with these financial instruments as their main purpose is to finance the company's operations. The company does not hold or issue any derivative financial instruments for speculative purposes.

Liquidity risk
The company is funded through debt raised by the group. The maturities of all group debt and committed debt facilities other than 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 NGN Board. Group debt and facility maturities are staggered to avoid excessive concentrations in any twelve month period as well as the period around regulatory reset dates where possible.

Inflation risk
Inflation does not cause the company or the NGN group a significant risk, because a key variable in the regulated revenue mechanism of the group is inflation (as inflation grows so does revenue). As a transporter of gas, it is important to note that NGN do not own the gas and so the risks to the company with regard to energy prices is no different to that of most businesses. The cost of replacing gas that leaks from the network is funded through the group's regulated revenue.

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:

- the likely consequences of any decision in the long term (approving the strategic direction and values);
- the interests of the company's employees;
- 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 and seeks to balance the best interests of the company with the objective of enhancing shareholder value. Further details can be found within the accounts of NGNH.

Interests of the company's employees including evaluating the performance and remuneration of employees

The Board aim to make the group an employer of choice and supports the decisions made by management with regard to employee engagement and evaluation. Further details can be found within the accounts of NGNH.

The overall control environment of the company, to protect the shareholders' investment and manage risk

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. 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.

Section 172(1) statement (continued)

All internal audit work is carried out according to the relevant best practice standards. 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. Further details can be found within the accounts of NGNH.

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. Further details can be found within the accounts of NGNH.

Maintaining relationships with key suppliers, customers and other

Under the delegated authority of the Board, the SMT has established a dedicated commercial services team covering all elements of procurement and supplier relations. All contracts are signed off by members of the SMT having first been reviewed by the NGN legal department and having agreed terms with the supplier.

Within the commercial services team there is a dedicated contract management function which supports in pre-contract activity and also post-contract work including the review of variations, again to ensure a strong relationship with suppliers. NGN treat all suppliers fairly. Further details can be found within the accounts of NGNH.

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

Following Board approval, the group has embedded NGN's People and Planet Strategy, to further develop the sustainability work completed by NGN, tackling the short, mid and long term challenges facing the business, the society in which NGN operates, and the planet. Commitments within this strategy include:

- spend responsibly and hold our suppliers to high sustainability standards;
- reflecting community diversity in our workforce and the eradication of inequality within our work force;
- improve access to opportunities and fair employment;
- supporting colleague safety and wellbeing;
- progression toward zero emissions, produce less waste and recycle all of it, manage our land to benefit the environment;
- provide access to information, funding and more affordable energy services for our communities, prioritising those with vulnerabilities; and
- enable affordable decarbonised heat, power and transport solutions.

Further details can be found within the accounts of NGNH.

Section 172(1) statement (continued)

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 J Horsley, Director

9 July 2026

The directors present their Annual Report on the affairs of the company, together with the accounts and auditor's report for the year ended 31 March 2026. The following have been disclosed in the strategic report and are included in this report by way of cross reference here: principal activities of the business, business review including future prospects and subsequent events, principal risks and uncertainties including financial risk management objectives and policies.

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 Operations Limited Board of Directors ("the Board") meets at least once 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	9 out of 9	16 July 2024	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 accounts have been prepared on a going concern basis. The company’s business activities, performance and position, together with its principal risks and uncertainties likely to affect its future development and performance are set out in the strategic report and above. 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 accounts 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 a 10% increase to capital expenditure and operating costs which does not impact going concern 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.

Disabled employees / employee engagement

The Board place considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees (including financial and economic factors that affect the performance of the company). This is achieved through various communications including the CEO’s call which are live teleconference broad-casts and include a question and answer section, and are available to be listened to in all offices and depots.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of employees becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of all other employees

Energy and carbon

The company recognises the importance of its environmental responsibilities and undertakes its operations in an environmentally sensitive manner, complying with all relevant legislative requirements and higher standards where possible. The company's environmental management systems are certified under ISO 14001. The company is committed to reducing its carbon emissions under Regulatory Instructions and Guidance (RIGS) and achieve net zero emissions by 2050.

Details of what has been included within each reported scope and the performance of the group is detailed in the accounts of NGNH.

Supplier payment policy

The company's policy is to establish terms of payment with suppliers when agreeing the initial contract terms, and then to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

- the director has taken all the steps that 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 J Horsley

M J Horsley, Director
9 July 2026

1100 Century Way, Thorpe Park Business Park, Colton, 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.

Independent auditors' report to the members of Northern Gas Networks Operations Limited

Report on the audit of the financial statements

Opinion

In our opinion, Northern Gas Networks Operations Limited'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 profit 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; and
- the Statement of Accounting Policies;
- the notes to the financial statements.

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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

Independent auditors’ report to the members of Northern Gas Networks Operations Limited (continued)

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 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.

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.

Independent auditors' report to the members of Northern Gas Networks Operations Limited (continued)

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 Companies Act 2006 and UK tax legislation, 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 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.

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.

Independent auditors’ report to the members of Northern Gas Networks Operations Limited (continued)

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
- the company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directorss' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

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
Turnover	1	443,954	419,635
Cost of sales		(443,854)	(419,535)
Operating profit and profit before tax	2	100	100
Tax on profit	5	(25)	(25)
Profit for the financial year		75	75
Other comprehensive result		-	-
Total comprehensive income		75	75

The above results arise from continuing operations.

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

The accompanying notes on pages 21 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			
Stocks	6	6,339	6,403
Debtors - due within one year	7	47,420	41,840
		53,759	48,243
Creditors: amounts falling due within one year	8	(52,629)	(47,188)
Net current assets and total assets less current liabilities		1,130	1,055
Net assets		1,130	1,055
Capital and reserves			
Called-up share capital	9	-	-
Profit and loss account		1,130	1,055
Shareholders' funds		1,130	1,055

The accompanying notes on pages 21 to 26 are an integral part of this balance sheet.

The accounts on pages 15 to 26 of Northern Gas Networks Operations Limited, Registered number 03528783, were approved by the Board of Directors and authorised for issue 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 31 March 2024	980	-	980
Profit for the year and total comprehensive income	75	-	75
At 31 March 2025	1,055	-	1,055
Profit for the year and total comprehensive income	75	-	75
At 31 March 2026	1,130	-	1,130

The accompanying notes on pages 21 to 26 are an integral part of this statement of changes in equity.

Statement of accounting policies

For the year ended 31 March 2026

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 Network Operations Limited 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 and registered office 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, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these accounts, includes the company's cash flows;
- 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.

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 accounts have been prepared on a going concern basis. The company's business activities, performance and position, together with its principal risks and uncertainties likely to affect its future development and performance are set out in the strategic report and above. 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 accounts 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 a 10% increase to capital expenditure and operating costs which does not impacting going concern Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Stocks

Stocks are stated at the lower of cost and net realisable value. Measurement is on a moving average cost basis and provision is made for obsolete or defective items where appropriate.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax is measured on a non-discounted basis.

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). 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.

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 company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, 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.

Turnover

Turnover represents income receivable for the provision of services to NGN net of Value Added Tax. Revenue is recognised at the end of each month for the services provided within that month.

Pension costs

Employees of the company are entitled to participate in a defined contribution pension schemes operated by NGN. The amount charged to the profit and loss account, within cost of sales, in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. NGN also has a defined benefit pension scheme which was closed to future contributions from 31 March 2022. This defined benefit pension scheme asset/liability is held by NGN.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used. All costs are recognised within cost of sales.

Impairment

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, that being that the estimated recoverable value of the asset is less than the value in the balance sheet, an impairment loss is recognised in profit or loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Critical accounting judgments and key sources of estimation uncertainty

The directors are not aware of any critical accounting judgments or key sources of estimation uncertainty with these accounts.

1 Turnover

The directors consider that the company has only one class of business being gas infrastructure. The company's turnover is generated wholly from within the UK.

2 Operating profit and profit before taxation

Profit before taxation is stated after charging:

	2026 £'000	2025 £'000
Operating lease rentals - vehicles	113	202
Fees payable to the company's auditor for the audit of the company's annual accounts	64	30

Fees payable to auditors and their associates for non-audit services to the company are not required to be disclosed because the consolidated accounts of the parent company disclose such fees on a consolidated basis.

3 Staff costs

The average monthly number of employees (including executive directors) was:

	2026 Number	2025 Number
Administration	168	160
Operations	1,429	1,429
	1,597	1,589

3 Staff costs (continued)

	2026	2025
	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	92,551	88,130
Social security costs	11,722	9,392
Other pension costs	7,222	6,765
	111,495	104,287

4 Directors' remuneration and transactions

The remuneration of the directors was as follows:	Executive Directors	
	2026	2025
	£'000	£'000
Aggregate remuneration	1,227	1,187
Aggregate amounts receivable (other than shares) under long-term incentive schemes	255	63
	1,482	1,250

The long-term incentive scheme is a bonus scheme which is paid 5 years after achieving set targets. At the balance sheet date, the accrued value was £1.4m (2025 - £1.3m).

The above amounts for remuneration include the following in respect of the highest paid director:

The remuneration of the directors was as follows:	Executive Directors	
	2026	2025
	£'000	£'000
Aggregate remuneration	1,227	1,187
Aggregate amounts receivable (other than shares) under long-term incentive schemes	255	63
	1,482	1,250

There have been no transactions with directors in the year (2025 – £nil) other than as set out above in respect of remuneration. Only directors are deemed to be key personnel.

5 Tax on profit

The tax charge comprises:

	2026 £'000	2025 £'000
Current tax		
UK corporation tax	25	25
Total current tax charge	25	25
Deferred tax	-	-
Total deferred tax	-	-
Total tax charge	25	25

The differences between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2026 £'000	2025 £'000
Profit before tax	100	100
Tax multiplied by the standard rate of tax in The UK of 25% (2025 – 25%)	25	25
Adjustments to tax charge in respect of prior years	-	-
Total tax charge for the year	25	25

There has been no change to corporation tax rates for the financial year ended 31 March 2026. For the financial year ended 31 March 2026 the weighted average tax rate is 25% (2025: weighted average tax rate was 25%). Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. The group's planned level of capital investment is expected to remain at similar levels as current investment. Therefore, it expects to be able to claim capital allowances in excess of depreciation in future years, at a similar level to the current period.

6 Stock

	2026	2025
	£'000	£'000
Raw materials	6,339	6,403
	6,339	6,403

7 Debtors – due within one year

	2026	2025
	£'000	£'000
Trade debtors	6,556	4,717
Amounts owed by group undertakings	33,162	30,189
Other debtors	187	110
Prepayments	7,497	6,806
Deferred tax	18	18
	47,420	41,840

Amounts owed by group undertakings (trading balances) are unsecured, interest free and repayable on demand. They have arisen due to the company completing rechargeable operational work on behalf of other group companies.

8 Creditors: amounts falling due within one year

	2026	2025
	£'000	£'000
Trade creditors	6,790	4,712
Corporation tax liability	125	100
Other taxation and social security	5,025	3,116
Deferred income	5,424	4,235
Accruals	35,265	35,025
	52,629	47,188

9 Called up share capital

Share capital

	2026	2025
	£	£
Allotted, called-up and fully-paid		
2 ordinary shares of £1 each (2025 - 2 ordinary shares of £1 each)	2	2

Profit and loss account - This is the accumulative earnings retained by the company.

10 Financial commitments

The company had no capital commitments at the end of the financial year (2025 - £nil). Total future commitments under non-cancellable operating leases are as follows:

Motor vehicle leases	2026	2025
	£'000	£'000
- within one year	113	109
- between one and two years	45	70
- between two and five years	12	8
	170	187

11 Related parties

As a subsidiary undertaking of Northern Gas Networks Holdings Limited, the company has taken advantage of the exemption in FRS 102 section 33 2.2, “Related Party Disclosures”, from disclosing transactions with other wholly owned members of the group headed by Northern Gas Networks Holdings Limited.

12 Ultimate controlling party and events after the balance sheet date

The directors regard Northern Gas Networks Holdings Limited, 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. Northern Gas Networks Limited is the immediate parent company. Northern Gas Networks Holdings Limited 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 Northern Gas Networks Holdings Limited are a consortium comprising of:

- PG (April) Limited (47.1%) – incorporated in England & Wales
- Beta Central Profits Limited (41.3%) – incorporated in England & Wales
- 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.