



ANNUAL REPORT & FINANCIAL STATEMENTS

31 MARCH 2020



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**Officers and Professional
Advisers**

Directors

Michael Gibbons:	Chairman
Mark Bygraves:	Chief executive officer
Clare Duffy:	Non-executive
David Rigney:	Non-executive
Anne Heal:	Non-executive
Sara Vaughan:	Non-executive
David Titterton:	Non-executive

Company Secretary

Nicholas Brown

Registered Office

4th Floor
350 Euston Road
London NW1 3AW

Bankers

Barclays Bank plc
54 Lombard Street
London EC3P 3AH

Auditor

BDO LLP
Chartered Accountants
and Statutory Auditor
55 Baker Street
London W1U 7EU



REPORT FROM THE CHAIRMAN

Michael Gibbons CBE
Chair, Elexon Ltd and the BSC Panel



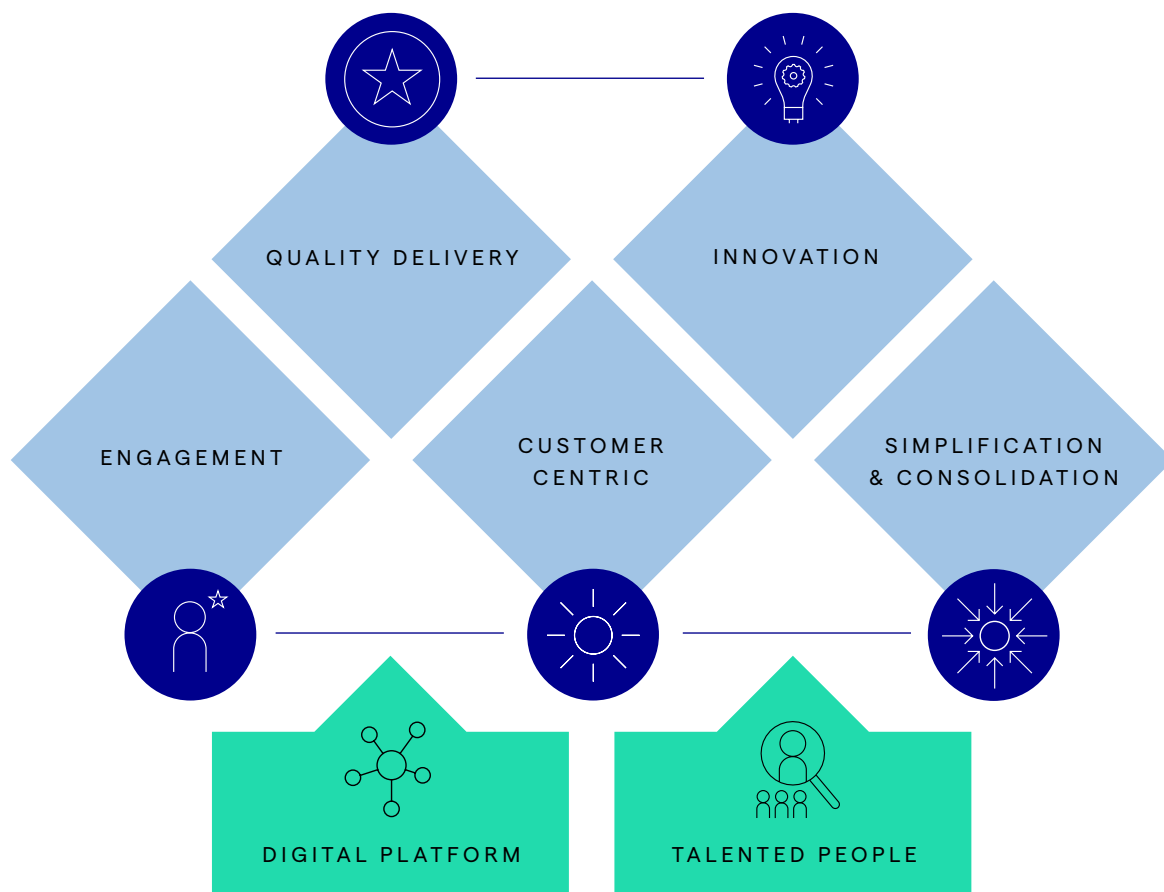
During 2019/20, the headline developments in the UK electricity market were record breaking volumes of renewable electricity generation and supply, with an associated reduction in carbon emissions. The UK Parliament became the first in the world to pass legislation to reduce emissions to net zero. Elexon's role is central to facilitating these changes.

For most of 2019/20, Elexon's work was geared towards supporting the development of a smarter, more flexible electricity system. However, since mid-March 2020, the work of Elexon, the Balancing and Settlement Code (BSC) Panel, and its sub-committee, the Performance Assurance Board (PAB), has been focussed on the issue of helping electricity companies to manage the impact of COVID-19 on their business and staff. In the report from Elexon's Chief Executive later in this document you can find more detail about the package of measures that was quickly put in place to support industry.

Electricity companies already faced challenging market conditions before the COVID-19 outbreak, due in part to the pressures arising from the retail price cap. Major changes in the composition of the retail sector over the past year and announcements of job losses by some suppliers, highlighted the significant cost pressures experienced by the industry.

Elexon has been consistently committed to tight control of its costs and delivering value for money to its customers. We operate on a not-for-profit basis and provide transparency on costs and spending to all BSC Parties to assure them that we continuously seek cost efficiencies. This report on our 2019/20 Financial Statements shows in particular how effectively we have performed against our agreed budget.

Over the past year, we have continued to work on meeting the seven priorities (set out below) in the 2018/19 Corporate Strategy approved by Elexon's Board. »



"In our view, the already rapid pace of change in the energy system is likely to increase. We trust that our annual report and financial statements demonstrate our proven ability to support change."

These priorities guide a large part of our work, and also ensure that Elexon delivers the BSC effectively. There are many examples of how we have performed against those priorities in this year's [annual report](#).

A very important part of our approach to governance for the BSC is to continue to drive and improve stakeholder engagement. One of the most important examples over the past year was the work we did in partnership with National Grid Electricity System Operator to deliver the reforms allowing Wider Access to the Balancing Mechanism for independent aggregators. These were fundamental changes because they enable more companies to become involved in providing demand-side response (DSR). We continue to work closely with National Grid ESO on preparations for Great Britain's participation in Project TERRE (Trans-European Replacement Reserves Exchange), expected to be delivered later this year.

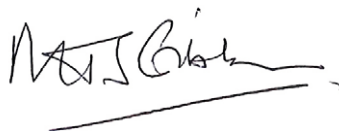
Since Elexon's work is so dependent on the expertise and quality of its staff, we have appointed a Chief People Officer (CPO) as part of the Executive team. We aim to continue to attract and retain highly skilled staff in order to assure delivery of our industry leading customer service, robust processes and systems. The CPO will be leading our people strategy work to meet these objectives.

The Settlement services that Elexon delivers are essential to the smooth running of the wholesale electricity market. As all electricity Generators and Suppliers need to rely on our services, we consider it extremely important that we are accountable to our customers. Therefore, since November 2016 directors (if they have been appointed, or re-appointed in the period since the last annual meeting) on Elexon's board have had to be approved to their positions by an industry vote at the Annual BSC meeting. During 2019/20 we have decided to go a stage further and now all board directors, not just those that are appointed or reappointed, have to be approved by an industry vote at the next annual meeting on 10 September 2020. There are various approaches to strengthening accountability to stakeholders. In our view the ability of our customers to vote to remove any, or all board directors, is surely the ultimate test of the Board's accountability.

Our ability to maintain effective stewardship of the BSC relies on strong leadership from the Board, the Executive and the BSC Panel combined with the dedication and expertise of all Elexon colleagues. I would therefore like to thank everyone at Elexon, as well as our Board members and BSC Panel members for their hard work, and commitment and the services they deliver.

In our view, the already rapid pace of change in the energy system is likely to increase. We trust that our annual report and financial statements demonstrate our proven ability to support change, respond to the needs of our customers, and encourage innovation and smarter approaches.

Our decision making processes allow us to react quickly to major changes in circumstances - such as the impact of COVID 19. Our processes also allow us to work strategically to deliver ground-breaking reforms which support the ultimate goal of net zero. The accountability of our leadership and careful approach to using Parties' resources underpin our ambition, to continue delivery of first class customer service, and improved value for money to all BSC Parties.



Michael Gibbons CBE

Chairman

2 September 2020



REPORT FROM

THE CHIEF EXECUTIVE

Mark Bygraves
Chief Executive Officer



Given the unprecedented times that we find ourselves in I will focus first on the final month of the 2019/20 year, before turning to Elexon's work over 2019/20, which has majored on supporting the smarter electricity system and the road to net zero.

Since mid-March we have been working hand in hand with BSC Parties to manage the biggest challenge the sector has ever faced. Dealing with the impact of the coronavirus (COVID-19) has brought into sharp focus the essential role that a well-functioning and robust energy market plays in Britain's economy. The energy system has been keeping the lights on, enabling people to work from home and powering essential services such as hospitals and shops.

National Grid, as the System Operator, has had the extremely difficult job of managing significant reductions in demand, while at the same time dealing with the physical needs of balancing the system.

We recognised when the lockdown came into force that Suppliers would see an immediate and significant drop in their volumes sold, resulting from overnight reductions in demand from business customers. Suppliers would also face, in the absence of meter readings, Settlement costs based on historic consumption that did not reflect these lower volumes, plus scrutiny under the BSC performance assurance regime for securing insufficient meter reads.

Managing the impact of COVID-19 – Elexon's actions

Prior to the lockdown we asked our customers what we could do to support them, to understand their key concerns and how we could help them by temporarily easing the burden of complying with the BSC obligations. We took our ideas to a small group of industry experts to test how some of the proposals could work in practice and then discussed them at the Performance Assurance Board (PAB), one of several committees supporting the work of the BSC Panel, to seek their views and approval for the measures.

The temporary changes that were introduced included:

- Derogations allowing Suppliers to provide estimated consumptions for use in Settlement that reflect reductions in customer demand resulting from the lockdown, and closure of businesses.
- Suspending Error and Failure Resolution targets (where companies would normally have specific targets for meeting stringent Settlement accuracy).
- Suspending the charges Suppliers would normally face if they did not meet certain Settlement performance targets.
- The Panel agreeing new principles for prioritising changes to the BSC (and its subsidiary documents).

Only the suspension of Supplier charges required a Modification. All other changes were enacted under the existing governance framework. You can see further detail on these changes on our [COVID-19 webpage](#). The PAB has agreed a phased approach to ending these derogations and suspensions from September 2020 onwards.

I would like to thank colleagues across Elexon, and the industry for their work on putting these measures in place with such expediency. This is a great example of what we can achieve, working with industry under the BSC rules, on resolving issues at speed when there is a need to do so.

During the first quarter of 2020/21 we suffered a sophisticated and targeted cyber-attack which, whilst not affecting our core BSC and EMR settlement systems, did impact our ability to communicate with industry. Throughout the incident we kept industry and the authorities fully informed and are now sharing our experience in various industry fora.

Continuing our support for development of a smarter electricity system

Prior to the COVID-19 outbreak, our biggest priority over the last year had been supporting moves to a smarter, more flexible electricity system, and progress towards the Government's net zero emissions target.

To support the smarter system we have been working on our new digital platform - to modernise the technical architecture of the BSC central systems. Once complete, the new flexible and scalable platform will provide digitalised market entry, customer account management, Settlement services and data insight services. »

"We have also worked to further improve and streamline the BSC for our customers. Reviewing how different codes and code bodies responded and were able to adapt to the impact of COVID-19 should also form an input to this review."

An important milestone was the launch of the Settlement services solution in autumn 2019. More detail on progress is available in the [2019/20 Annual Report](#).

There are many other examples of how we are supporting a smarter system, but for brevity I will mention just three here.

We believe that creating market places where flexibility offers such as demand-side response (DSR) and spare network capacity can be traded is something that needs to be encouraged. In October 2019 we published our [Policy View](#) on how nation-wide flexibility trading platforms could work, and how we would support their development. We want to work with Ofgem and the Government to set up these platforms.

Together with National Grid ESO, in December 2019 we opened up the Balancing Mechanism (BM) to independent aggregators under the 'Wider Access' reforms. This is an important example of partnership working to deliver ground-breaking changes. Aggregators that are not affiliated with a licensed Supplier can now trade in the BM. These reforms ensure that a wider range of companies can now offer their services to help balance supply and demand. It could also open up more opportunities for consumers to provide DSR. The reforms are also significant for us as the Settlement Solution for our digital platform was launched as part of the Wider Access arrangements.

The roll out of Market-wide Half Hourly Settlement (MHHS) is one of the next highly anticipated changes to encourage a smarter system. Working with Ofgem and the industry, we completed the design of the MHHS Target Operating Model (TOM) and transition approach in August 2019. This was the culmination of two years' work with industry. Ofgem gave its preliminary approval to the TOM in October 2019. As a sector it is now important that we maintain momentum to deliver MHHS. We will be doing as much as we can to help the industry to prepare for, and implement it, and we will manage our own programme of system change.

A key part of our support for the MHHS programme is the technical leadership we provide to two industry working groups that are developing aspects of the TOM further. They are the [Code Change and Development Group](#), and the [Architecture Working Group](#).

Maintaining momentum on the energy codes review

We believe that the need to reform the energy codes landscape will increase as the system becomes smarter. Therefore we want to see Ofgem and Government maintaining momentum on the Energy Codes review.

By consolidating code bodies and simplifying the codes we will be helping new entrants and established market participants. Reforming the codes also supports fresh approaches that contribute towards net-zero. Over the past year we have supported Ofgem and Government by continuing to share our views on how the 11 major codes can be reformed. We have also proposed [interim steps](#) for a faster, more consistent change process across all the codes. This could speed up and improve the process before more fundamental changes are brought in.

We have also worked to further improve and streamline the BSC for our customers. Reviewing how different codes and code bodies responded and were able to adapt to the impact of COVID-19 should also form an input to this review.

Delivering a truly customer-centric service

One of the seven pillars of our corporate strategy is to provide a customer-centric service to leading standards among code bodies. I am pleased to say that during the past year we have achieved this again, and have taken our service levels to new heights.

For the third year in a row, Elexon finished top of Ofgem's annual performance survey of all code administrators. The 2019 results, announced last September, showed that 86% of respondents were satisfied with our service. Our own 2019 customer satisfaction survey, carried out by an independent company, showed that 71 per cent of respondents rated our service eight or more out of 10. This is our highest score since 2016 and is up seven points on 2018. »

In our survey of customer satisfaction we also achieved our highest ever score on value for money for our services (since we started carrying out the annual surveys in 2003). I would like to thank all Elexon colleagues for their hard work and dedication over the past year. It is only through working as a team that we can deliver the service which customers want and expect from us. There is always room for improvement. We continually and enthusiastically listen to customer feedback and take action on the areas our customers want us to focus on.

Performance against our Budget in 2019/20

During 2019, a major part of our work involved preparing alongside National Grid ESO for the go live in GB of Project TERRE (Trans-European Replacement Reserves Exchange) from January 2020. However, in November Ofgem announced that it had granted National Grid ESO a derogation until the end of June 2020. In April 2020 National Grid ESO said it was delaying making necessary changes to support Project TERRE until this October at the earliest due to the impact of COVID-19. We have continued to work closely with National Grid ESO to prepare for GB participation. At the end of May 2020 we deployed the Settlement software needed so that GB Parties can trade on the TERRE platform when it goes live. This ensured that we fully met our commitments on supporting TERRE.

Throughout 2019/20 we had to prioritise work to meet regulatory requirements such as Project TERRE participation, over work to deliver our digital platform. This resulted in outturn spending of £40.7m compared with a budget of £53.2m.

Contracts for Difference and Capacity Market Settlement

We have continued to deliver our settlement services for Contracts for Difference (CfDs) and the Capacity Market via our ring fenced subsidiary — EMR Settlement Ltd (EMRS), and under our contract with the Low Carbon Contracts Company and the Electricity Settlements Company. For 2019/20, as well as maintaining our high standards of service and customer satisfaction and developing the underlying systems to reflect changing regulations, our primary focus was the restart of the Capacity Market. In January 2020, EMRS ensured that capacity providers were paid more than £1bn for their deferred capacity payments for the standstill period.

Adapting to the future

While adapting to different working arrangements necessitated by the COVID-19 outbreak, we have identified a number of key lessons and options for how we might work differently (and better) with our stakeholders in the future. Where we identify evidence for beneficial changes, we will continue to share information and listen to feedback from Suppliers and Generators.

Elexon proactively manages the BSC and administers the wholesale market arrangements. We also operate the underlying systems that give effect to these arrangements and are responsible for the associated performance assurance regime. We believe that the speed in which we developed and introduced changes to Settlement arrangements necessitated by the lockdown shows the benefit of this 'end-to-end' code manager service. Elexon has the expertise in market arrangements and the underlying systems to design and deliver quick solutions. The speed with which we developed solutions also demonstrates the benefit of our not-for-profit business model.

The next big challenge we face as a sector will be achieving net zero. One very positive outcome of the management of COVID-19 is that it shows what can be achieved when we work together with colleagues across the industry to focus on resolving issues. We will now look at where we can apply this best practice to the decision-making process for delivering a cleaner and greener electricity system.



Mark Bygraves
Chief Executive Officer
2 September 2020

STRATEGIC REPORT



COVID-19

It seems appropriate at the current time to begin with the impact of COVID-19 on the Company. Elexon's focus has been:

- doing everything to assure industry of the continuity of the services provided under the BSC and EMR; and
- helping to ease the burden of BSC Parties who may be experiencing difficulties at this time by progressing urgent BSC modifications and derogations, to address operational and financial issues and setting out a clear approach to the prioritisation of BSC Modifications during the current circumstances.

Up-to-date information on all of Elexon's initiatives and the company's response to COVID-19 is available on [Elexon's website](#).

Our other key area of focus has naturally been the health and wellbeing of our people. We have established a number of measures to support employees during this challenging situation and ensure, in particular, that colleagues remain in regular contact with each other. Elexon's remote working arrangements have proven very effective, which has enabled Elexon to continue to operate business as usual services, whilst also introducing new processes to support the BSC Parties. We have robust plans in place to continue to maintain our service levels in the event that staff availability begins to decrease through subsequent waves of the virus. Elexon has not implemented the government furlough scheme or any other government scheme in relation to COVID-19.

The viability statement on page 20 includes further information on the Company's long term viability taking into account the impact of COVID-19.

Cyber attack

On the night of 13/14 May 2020, bespoke ransomware was deployed on Elexon's own internal network, encrypting documents and servers. This sophisticated criminal attack was specifically targeted at Elexon. Unfortunately, during the attack some data was also extracted from the Company's systems. The ransomware did not impact our core settlement systems for BSC or EMR. The systems affected were those internal to Elexon, which enable Elexon to analyse data and produce reports, consultations and run Elexon as a business. Hence, core settlement was not interrupted.

We immediately engaged an external cyber incident response team, comprised of forensic experts, to undertake a forensic investigation of how the attackers had gained access and what activities they had conducted on our network. This was a significant and lengthy exercise but we were able to contain the incident very quickly and immediately verified the attackers were no longer in our network.

On 14 May, we reported the incident to the relevant authorities (National Cyber Security Centre, Information Commissioner's Office, Metropolitan Police) and, informed industry via BSC Bulletin and on our website. We also directly contacted Ofgem, BEIS, NGESO and other code bodies (participating in their scheduled calls for suppliers and generators).

As regards the recovery of our systems, restoration of all servers and networks including emails was completed within 10 days and, had it not been for the remote working required in order to comply with the Government's COVID-19 guidelines, our full services would have resumed at that point. However, we took the opportunity to ensure that remote access security was further enhanced and tested, prior to resumption, which took place on 11 June.

As regards the extraction of data, our investigations revealed that the data included some personal data largely in relation to current and former employees. Elexon took a number of steps to notify impacted individuals and provided guidance on what steps they could take in order to mitigate any enhanced risk of phishing attacks or identity theft. We also compiled a detailed report for the Information Commissioner's Office which has now closed its investigation and determined that, not least given the facts of the case and the remedial measures that Elexon took (and continues to take), no regulatory action was necessary.

Strategic management

Our business model

Exelon is a data platform and data services company that is vital to the smooth operation of the wholesale electricity market. We administer the electricity balancing and settlement arrangements for Great Britain. These affect all the companies that generate and supply electricity and the 28 million customers who use it. Exelon compares how much electricity generators and suppliers said they will produce or consume with actual volumes. We work out a price for the difference and invoice and credit funds accordingly. This involves processing 1.25 million meter readings every day and handling customers' funds each year. Many charges across the industry are derived from our data.

In addition, the Exelon Group provides other services for the industry. Most significant of these are the settlement services provided by EMR Settlement Limited to the Low Carbon Contracts Company, and the Electricity Settlements Company, to enable the development of low carbon generation via Contracts for Difference and to maintain security of supply via the Capacity Market.

We are a non-profit organisation and the value that we generate for our stakeholders is based on our delivery of reliable, cost effective and efficient services; our support for, and enablement of, market change and innovation; and the expertise of our people.

Consequently, we generate and preserve value over the longer term by:

- engaging with stakeholders in developing our strategic objectives and ensuring that our stakeholders continue to support those objectives;
- investing in technology to create a platform that is scalable, flexible and stable to support new services in an open and accessible way, and is an essential information asset for the industry and beyond, enabling new innovative products and services;
- leveraging our existing skills and experience to enable us to explore new market opportunities;
- developing a new target operating model which will enable Exelon to be more agile;
- continuing to focus on the personal development of our people in order to build capability in the business to support the BSC and EMR in a rapidly changing energy market and the Government in their net-zero ambition. We do this by:
 - providing training, coaching and mentoring to ensure we achieve the right balance between a high degree of flexibility and the robust, predictable service delivery for which Exelon is recognised;
 - building on our Silver Investor in People accreditation to reach the next level of accreditation;
 - maintaining our focus on knowledge sharing and transfer to enable our experts of tomorrow. »



Strategic management

(Continued)

Our purpose and mission

Our purpose is to ensure that our 'meter to bank' arrangements support the reliable delivery of energy to GB customers for the benefit of the UK economy and our mission is to build on our valued market design expertise to create trusted and open services using our flexible platform, in order to enable innovation and competition.

Our strategy

Elxon's vision is to create the leading provider of central services to the GB energy sector, built on the best practice from the Elxon service culture for the benefit of consumers and market participants. Our strategy for achieving this is to simplify and consolidate complex and fragmented services, develop new market solutions and actively facilitate innovation, with the support of our stakeholders and partners, for the benefit of GB energy markets.

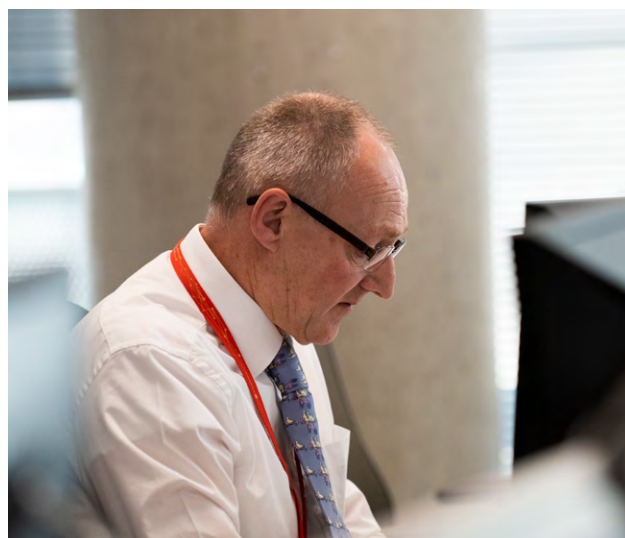
Our strategic objectives are to:

- retain our existing roles as BSC code manager, and BSC and EMR settlement provider, by continuing to deliver BSC and EMR services to a market leading standard. Elxon's BSC role is our core business and we produce an Annual BSC Report, available on our website, setting out our performance against BSC specific strategic objectives. This document is available on our website www.Elexon.co.uk
- secure new settlement related activities
- secure our appointment as code manager for additional roles
- deliver the simplification and consolidation of the central bodies' space for the benefit of industry and its customers
- enable innovation by leading on central market design issues where they relate to or impact settlement, demonstrating our expertise and insight, design and delivery capability (e.g. Market wide Half Hourly Settlement).

Market trends and factors

The context to our strategy is that the energy industry is undergoing a period of rapid change and will be key in delivering on the Government's net-zero ambition. Consequently, important challenges facing Elxon include:

- settlement reform including the move towards mandatory half hourly settlement
- ensuring settlement arrangements enable and accommodate the development of innovative business models (including in relation to flexibility, storage, electric vehicles and batteries)
- promotion by the European Commission of a single European energy market, including the Guideline on Electricity Balancing, which is resulting in fundamental changes to the balancing and settlement arrangements such as the implementation of TERRE
- the impact of Brexit on the GB energy market
- the roll-out of smart metering
- demand side flexibility and the development of smart grids
- the growth of distributed generation, battery storage and electric vehicles and the associated transition to Distribution System Operators.



Business performance

Elexon and its subsidiaries form a not-for-profit group which (save for our subsidiary EMR Settlement) recoups its costs from BSC Parties in accordance with the terms of the BSC. All licensed electricity generators and suppliers in Great Britain are obliged to become signatories to the BSC. Other companies may choose to do so. EMR Settlement recoups its costs under a contract for services with LCCC and ESC.

The BSC requires Elexon to produce an Annual BSC Report by no later than 30 June each year. The Annual BSC Report includes full details of Elexon's performance as BSCCo during 2019/20 including performance against our budget and a range of financial and non-financial key performance indicators. The Annual BSC Report for 2019/20 is available on the [Elexon website](#).

Turnover of the Group for the year to 31 March 2020 was £46.7m (2019: £45.4m) including £5.3m (2019: £4.8m) of EMR income see note 11.2. Excluding the EMR income, turnover in relation to BSC was £41.4m compared with £40.5m in the previous year. The increase in turnover (or expenditure) of the Group from £45.4m to £46.7m was mainly due to our increased headcount in preparing alongside National Grid ESO for the go live in GB of the Project TERRE.

After taking account of directly recoverable pass through costs (communication lines and EMR project related costs), the total costs to be recovered through Section D charges was £44.9m, compared to the 2019/20 annual BSC budget of £53.2m (net of EMR). This year, due to the substantial and complex deliverables required to meet our Project TERRE commitments, we prioritised demand-led change above our system strategy commitments, which has contributed to the majority of the underspend.

Looking forward, the Group budget for 2020/21 has been set at £55.8m. For more details of our budget for 2020/21, please refer to our [2020/21 Business Plan on the Elexon website](#).

As the Group is not-for-profit, costs and interest charges are exactly matched by turnover for the year. In order to achieve this there has been a reconciliation of BSC costs charged to Trading Parties for the 2019/20 financial year based on the final audited costs and interest charges shown in this report. A credit of £1.2m for the 2019/20 financial year will be returned to BSC Trading Parties in November 2020.

This is Elexon's nineteenth full year of operation. Since the start of the balancing and settlement arrangements Elexon's BSC costs, net of interest, have fallen from £71.8m (this is historic cost which includes £13.2m NETA go live set-up costs) in 2001 to £41.4m (this represents group turnover of £46.7m less EMR income of £5.3m).

**Table 1:
Five-year comparison figures**

	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016
	£'000	£'000	£'000	£'000	£'000
BSC turnover	41,422	40,531	35,261	31,747	29,873
EMR turnover	5,307	4,844	4,984	5,401	5,522
Cost of sales	(46,777)	(45,390)	(40,249)	(37,156)	(35,410)
Net interest income	48	15	4	8	15

Corporate social responsibility

Our Corporate Social Responsibility (CSR) Strategy is built around four themes (Environment, Community, Workplace and Marketplace). The strategy ensures that we behave in a sustainable, socially and environmentally responsible manner while supporting our ambition, values, brand and business objectives.

Environment

Through our environmental policy we provide staff with clear guidance on how we manage our impact on the environment in our day-to-day work activities. We also offer guidance on their responsibility to help deliver the policy.

We aim to reduce our environmental impact through staff awareness campaigns, and by monitoring our energy consumption and recycling our waste. We also offer staff opportunities to use environmentally friendly means of transport. This includes our cycle to work scheme, where Elexon employees can spread the cost of purchasing a new bike through salary contributions.

In our office we use smart metering technology to help us identify where we can make energy savings. By using lighting controls, managing the running times of air conditioning units and turning off IT equipment when it is not in use we are reducing our energy bills. The energy supply to Elexon's office is 100% renewable and our office has an A+ rating for energy efficiency.

"As a business, we believe our people are our greatest asset, and we depend on the skills and commitment that they bring to the organisation. We recognise that to provide a great place to work, we need to retain our focus on health, well-being, flexible-working and personal development."

Community

Between 2017-19 Elexon raised more than £8,600 for the two charities chosen by our staff, The Guide Dogs for the Blind Association and the Alzheimer's Society.

At the beginning of January 2020, we started a three-year partnership with two charities, Cancer Research UK and the Mental Health Foundation (also chosen by Elexon staff). Between January 2020 and January 2021 we aim to raise over £1,500 for each charity through various fundraising activities.

As well as supporting the charities through fund raising we encourage our employees to use volunteering days, or to participate individually in charitable activities. From running marathons to charity boxing matches, and cycling, our staff are frequently willing to raise money for both the company's chosen charities and personal causes.

Workplace

As a business, we believe our people are our greatest asset, and we depend on the skills and commitment that they bring to the organisation. We recognise that to provide a great place to work, we need to retain our focus on health, well-being, flexible-working and personal development. The support we offer to staff includes promoting advice from the Mental Health Foundation and our Employee Assistance Programme. We ran awareness campaigns on these for staff over 2019/20.

This year, our initiatives have included supporting our staff during the COVID-19 outbreak. This has included:

- Staff well-being surveys during the lockdown
- Setting up a dedicated section of our staff intranet related to COVID-19
- Advice and support on working from home
- Regular updates from our executive team, through "Webtalks" on how Elexon is managing the impact of the outbreak »

Corporate social responsibility

(Continued)

Helping colleagues to develop in their career

We generate and preserve value over the longer term by continuing to focus on developing our people's expertise. This is so we can build capability in the business as we gain a better understanding of the skills our people need to perform in a rapidly changing energy market. It also means we are helping staff to develop in their career.

We do this by:

- Providing training, coaching and mentoring to ensure we achieve the right balance between a high degree of flexibility and the robust, predictable service delivery for which Elexon is recognised.
- Building on our Silver Investor in People accreditation and continuing to work with Investors in People to enhance our approach.
- Maintaining our focus on knowledge sharing and transfer to enable our experts of tomorrow.

We communicate and maintain good employee relationships by ensuring that:

- We undertake a staff survey each year, with any issues found forming part of an action plan for the forthcoming year.
- Employees have regular contact with senior managers and members of the Executive team. The includes, for example, the regular 'floor talks' where Chief Executive Mark Bygraves updates staff on key issues and engages with them.
- The Elexon Board holds a series of regular briefing sessions with employees.
- We produce a weekly newsletter for staff.

Marketplace

We look to ensure that all our suppliers and vendors follow ethical practices. This includes considering their values, CSR responsibilities and environmental practices. We actively look to raise awareness of CSR and influence the practices of our own suppliers. We also insist that contractors pay their staff at least the London Living Wage. We aim to continually improve our CSR ambitions with existing suppliers so that we can make sure we are aligned. This includes early adoption of new technologies, staying informed and implementing any new requirements resulting from legislation changes. We expect all our suppliers to be compliant with the modern slavery act 2015 and to publish a transparency statement if required. Each year, we update our own transparency statement and publish this on our website in line with the Modern Slavery Act's requirements.

"We aim to continually improve our CSR ambitions with existing suppliers so that we can make sure we are aligned."



Principal Risks and Uncertainties

The Directors have undertaken a robust assessment of the principal risks facing the company. The table below sets out the principal risks faced and outlines how those risks have been mitigated. »

Risk	Managing and mitigating the risk
There is a risk that BSC Releases impacting BSC Central Systems cannot be delivered on time or to quality due to the volume and complexity of both business and BSC Changes resulting in non-compliance with the BSC and/or other legal requirements.	<ul style="list-style-type: none"> • Close monitoring of risk and escalation of issues as required • Managing the prioritisation of business and BSC Change internally and with suppliers • Enhanced commercial and prioritisation arrangements with key suppliers
There is a risk that the achievement of ELEXON's strategy is frustrated by external circumstances such as external views on industry codes generally or towards Exelon and settlement.	<ul style="list-style-type: none"> • Monitor relevant legislation or regulation changes that may impact Exelon's strategy to enable due warning • Conduct annual stakeholder survey to assess stakeholder satisfaction with Exelon's service, and review Ofgem's survey to assess our continued licence to operate • Monitor, participate and lead on industry changes. Maintain awareness of developments in market and commercial arrangements and in technology developments in order that possible scenarios and any new roles can be identified and that Exelon takes a pro-active position • Consistent communications approach to stakeholders • Assess Exelon's strengths and weaknesses • Monitor tender options and assess the right time to invest in business development resource. Bring forward improvements e.g. implement changes to improve governance, enable change and innovation, demonstrate leadership and vision • Progress improvements e.g. governance changes, enable change and innovation, demonstrate leadership and vision
There is a risk that implementation of legacy agent services to Exelon's Digital platform will be delivered late resulting in damage to our reputation with industry	<ul style="list-style-type: none"> • Integrate and align internal success criteria • Following TERRE, remove dependencies between industry change and migration of complex BSC Agent systems to reduce risk of impact on Parties • Programme risk management approach • Utilise independent assurance to support due diligence and risk mitigation • Build aligned accountabilities and capabilities into operating model • Robust contingency planning • Adoption of multi-source development model
Introducing multi source arrangements for system development place risk on Exelon in management of multiple vendors	<ul style="list-style-type: none"> • Go live and pre-deployment audit checks • Build aligned accountabilities and capabilities into operating model • Development of third party service integrator model
As a result of sector wide issues (such as COVID-19 pandemic), there are financial risks to Exelon such as BSC Parties not able to meet their BSC Charges	<ul style="list-style-type: none"> • Monitor cash flow forecast • Prioritise payments • Monitor non-payments • Explore options for loans/overdrafts

Business environment

(Continued)

Risk	Managing and mitigating the risk
There is a risk that a sudden increase in the volume and complexity of Modifications could place a burden on Elexon that poses a risk to our ability to process the change	<ul style="list-style-type: none"> • Establish and maintain excellent engagement with industry to enable Elexon to anticipate change, manage expectations of Parties to smooth demand where possible, efficient utilisation of internal resource and scale using external resource as required • Portfolio prioritisation
Elexon or key service providers experience a cyber-attack	<ul style="list-style-type: none"> • Maintain a business continuity and disaster recovery solution at Elexon and at its Service Providers as a contingency mitigation against a cyber-attack • The Company continues to maintain ISO27001 and Cyber Essential Plus certification and implements identified improvements • Third party annual penetration testing at Elexon and its Service Providers and implement any corrective actions identified • Systems in place to continuously identify and implement improvements • Maintain expert external provider to provide critical response facility in the event of a cyber-attack • Utilisation of threat intelligence portal to monitor cyber security risks that may pose a threat to Elexon and respond using proposed mitigating actions accordingly • Regular patching and updating of in place

Viability Statement

Taking account of the Company's current position and principal risks, the Directors have assessed the prospects of the Company over a period of three years. The Directors believe three years to be an appropriate period as this is the period in respect of which the Company undertakes financial projections as part of its business planning process.

The funding arrangements for the Company are set out in Section D of the BSC. As a result of the BSC funding arrangements, there is no risk of Elexon failing to meet its liabilities. The BSC funding arrangements ensure that all of the Company's BSC costs are funded by BSC Parties.

The Directors therefore have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment. This assessment is based on the assumption that Elexon's funding model remains unchanged. We have no expectation of any change to our funding arrangements.

The Company has been undertaking regular stress and scenario analysis with regards to the impact of COVID-19 on the viability of the business assuming a shortfall of 20% in monthly receipts and no mutualisation of unpaid BSC Costs. In this scenario the Company would be able to maintain a positive cash flow by re-scheduling some of our discretionary expenditure.

"The Company has been undertaking regular stress and scenario analysis with regards to the impact of COVID-19 on the viability of the business assuming a shortfall of 20% in monthly receipts and no mutualisation of unpaid BSC Costs."

Section 172 ⁽¹⁾ statement

The Directors consider that they have acted in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the matters set out in section 172 (1) (a-f) of the Companies Act 2006 in the decisions taken during the year ended 31 March 2020.

In respect of the promotion of the success of the Company for the benefit of our members as a whole, the Directors also have regard to the following:

- The purpose of the company is to perform the functions which are ascribed to BSCCo in the Balancing and Settlement Code or otherwise permitted in the BSC. Consequently, and in accordance with section 172(1) of the Companies Act 2006, the Directors consider that their duty is to promote the success of the Company for the achievement of these purposes;
- As a single member company, the Directors do not consider the factor set out in section 172(1)(f) (need to act fairly between the members of the company) is relevant to the performance of their duty under section 172.

Likely consequences of any decision in the long term

Board decisions are taken in the context of the Company's strategy and developments in the UK electricity market, both of which necessitate a long term view. For more details of how we have regard to the likely consequence of any decision in the long term, please see the following:

- Throughout the Reports of the Chair and the Chief Executive Officer

Strategic Report

- Our strategy (page 15)
- Market trends and factors (page 15)
- Viability Statement (page 20)

Corporate Governance Statement

- Board Leadership and Company Purpose – sustainability of business model (page 32)

Interests of the Company's employees

Elxon's employees are key to our success and the Board is committed to having an effective engagement strategy with the workforce. For more details of how we take the interests of employees into account please see the following:

Strategic Report

- Our Business Model (page 14)
- Corporate Social Responsibility (page 17)

Corporate Governance Statement

- Board Leadership and Company Purpose – culture (page 33)
- Board Leadership and Company Purpose – engagement with the workforce (page 33)
- Nomination Committee Report – diversity (page 37)

Fostering the Company's business relationships with suppliers, customers and others

The Company has business relationships with a broad range of stakeholders. Elxon's relationship with BSC Parties, as the Company's funding parties, is particularly key, but we also have critical strategic relationships with NGESO (our sole shareholder) and Ofgem. For more details of how we take the interests of stakeholders into account please see the following:

- Report from the Chairman (page 6)

Strategic Report

- Our Business Model (page 14)
- Our strategy (page 15)

Corporate Governance Statement

- Board Leadership and Company Purpose – engagement with the shareholders and stakeholders (page 32) »

"The Company has business relationships with a broad range of stakeholders. Elxon's relationship with BSC Parties, as the Company's funding parties, is particularly key, but we also have critical strategic relationships with NGESO (our sole shareholder) and Ofgem."

Section 172 ⁽¹⁾ statement

(Continued)

As regards suppliers, there is regular engagement by the senior management team with suppliers which is reported to the Board where relevant. In addition, the Board as a whole, or the Chair on behalf of the Board, periodically meets with key suppliers. In terms of promoting ethical business practices, the Board has reviewed the Company's Modern Slavery statement and page 17 of the Report (Corporate Social Responsibility) sets out further information of how the Company supports business relationships with suppliers through the promotion of an ethical supply chain.

The impact of the Company's operations on the community and the environment

As regards the environment, and as set out in the Chair's report on page 6 and the CEO's Report on page 9, facilitating the achievement of the UK's net zero target is absolutely central to the Company's operations. Details of the Company's approach can be found in those reports. In addition, the Board is committed to reducing the environmental impact of the Company's activities and to making a positive impact in the community. Further information on these can be found in the Corporate Social Responsibility Report on page 17.

Maintaining a reputation for high standards of business conduct

Considering the reputational impact of Board decisions is a key element of Board discussions on those matters. As regards business conduct, the Board considers this through a number of areas set out elsewhere in this Report including:

Strategic Report

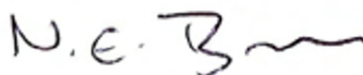
- Business Environment – Principal Risks and Uncertainties (page 19)

Corporate Governance Statement

- Board Leadership and Company Purpose – culture (page 32)
- Board Leadership and Company Purpose – whistleblowing (page 32)

Audit, Risk and Internal Controls – risk management and internal controls (page 39)

Approved by the Board of Directors and signed on behalf of the Board.



Nicholas Brown
Company Secretary
2 September 2020



DIRECTORS' REPORT



The Directors present their annual report and the audited financial statements for the year ended 31 March 2020.

Going concern

The Group has arranged a £0.1m overdraft facility for Elexon and a £1.0m overdraft facility for Elexon Clear respectively with Barclays PLC at the variable rate of 2.25 percent above the bank's base rate. The Board believe that this provides a secure financial base for the Group for the foreseeable future. Financial risks are also mitigated by the nature of the debtor balances owed, with the BSC providing for other BSC Parties to meet the liabilities of any debtor in default; and the provision of the BSC whereby Elexon recovers its costs one month in advance. Due to the effects of the COVID-19 pandemic, we rightly are being extra vigilant with regards to our cash flow.

We have modelled different scenarios and are confident that Elexon will remain solvent. Overall, we scenario planned several out turns with cash flow predictions dropping significantly (in the range of 0-20%) and the impact lasting for a significant part of 2020. In particular the rules within in the code around mutualisation of any payment defaults, coupled with our ability to defer any non-essential spend. Subsequently, the Group has a positive cash flow closing balance in each scenario within the rolling twelve month cash flow forecasts. As a result, the Board considers that there is a reasonable expectation that the Group will continue in operating existence for the foreseeable future and has therefore used the going concern basis of accounting in the preparation of the financial statements.

Employees

See Note 11.3 for details on the number of employees and related costs.

Dividends

Under the terms of the BSC, the Company has no power or authority to declare or pay any dividends.

Charitable and political contributions

During the year, the Company made no charitable or political contributions.

Financial Instruments

During the year, the Company made no use of financial instruments.

Important Events and Future Developments

Details of important events that have affected the Company since the end of the financial year and future developments are included in the Strategic Report.

Qualifying Third Party Indemnity Provisions

The Company has made qualifying third party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force at the date of this report.

The directors that served throughout the year were as follows:



Michael Gibbons

Elxon Board and BSC Panel Chair

Michael was appointed as the Chair of the Elxon Board and Balancing and Settlement Code (BSC) Panel in October 2013 and reappointed for three more years in November 2016 and again in 2019.

He spent 11 years at director level with Powergen and has since held a number of other roles. He was chairman of the Government's independent Regulatory Policy Committee from 2009-2017, and in 2007 was the author of the government-sponsored review (the Gibbons Review) of Employment Dispute Resolution Regulations. Michael relinquished chairmanship of the Carbon Capture and Storage Association in 2018. He was President of the Energy Industries Club from 2017 to 2019.

He was appointed to Officer of the Order of the British Empire (OBE) for services to regulatory reform in 2008 and the Commander of the Order of the British Empire (CBE) in 2015.

He is a Fellow of the Energy Institute (FEI)

Board roles:

*Chair; Chair of Nomination Committee;
Member of Remuneration Committee*



Mark Bygraves

Chief Executive Officer

Mark is the Chief Executive of Elxon. In November 2016, Mark was appointed as a member of the Elxon Board.

He brings over 20 years' experience in the energy sector of leading businesses, engaging and influencing stakeholders and challenging colleagues to deliver BAU and strategic initiatives, drawing on his skills gained in a career as a Lawyer, Director of M&A, Investment Banker, Commercial Director and CEO.

Prior to joining Elxon in 2011, Mark was an investment banker advising many of the world's leading utilities. This followed 10 years at E.ON in the UK where he led as Director of Mergers & Acquisitions.

At a time of major change in the electricity sector, Elxon continues to deliver these essential services and to support stakeholders including BEIS, Ofgem and industry, in evolving the market arrangements to address current and future challenges. »

The directors

(Continued)



Clare Duffy

Industry non-executive director

Clare Duffy is the Network Development and Electrification Manager for ESB Networks. As part of the senior management team in ESB Networks, her key responsibilities include planning electricity distribution network asset investments, planning distribution customer connections (e.g. demand, renewables, flexibility, generators) and security of supply of the national distribution network.

Clare was appointed to the Elexon Board on 1 November 2015.

Clare is also accountable for Innovation and Electrification activities across ESB Networks. Clare is a chartered engineer with almost 25 years' experience working in the power industry. ESB is a leading independent generator and supplier in the GB market as well as a generator, supplier, network owner and DSO in Ireland.

In addition to her roles with ESB and Elexon, Clare sits on the Executive Board of Engineers Ireland and previously chaired Energy UK's Strategic Policy Committee. She has post-graduate qualifications in accounting, finance, marketing and management.

Board Roles:

Member of Audit and Risk Committee, Remuneration Committee and Nomination Committee



Anne Heal

Independent non-executive director

Anne Heal was appointed to the Elexon Board on 1 October 2017. She also chairs the Thames Water Customer Challenge Group, is a board member of ORR, the rail and road regulator, a lay member of the General Dental Council, and an independent member of the Bank of England Enforcement Decision Making Committee. She is also a member of the FCA Regulatory Decision Committee

She was previously Director of Regulatory Affairs for BT Group, leading the regulatory negotiations that led to the creation of Openreach, where she then became MD, Strategy. She has also been a board member of Ofqual, the qualifications regulator. Anne chairs a charity, Volunteering Matters, is a trustee of NCVO, BalletBoyz and the Charities Aid Foundation and sits on the Governance and Nomination Committee of Diabetes UK. Anne is also a non-executive director at Market Operator Services Limited (MOSL) and the London Design and Engineering UTC.

Board Roles:

Chair of Remuneration Committee; Member of Nomination Committee

The directors

(Continued)



David Rigney

Senior independent director

David is a member of the Elexon Board, is the Chair of the Audit Committee at Elexon and is a Senior Independent Director. David joined the Board in May 2013.

He is currently a Non-Executive Director at the Principality Building Society, LINK Scheme Holdings Limited and LINK Scheme Limited and Spelthorne Gymnastics.

David is a qualified accountant with wide ranging experience across Finance, IT, Customer Service and Corporate Governance.

He was previously Group Operations Director at Nationwide Building Society.

Board Roles:

Senior Independent Director; Chair of Audit and Risk Committee; Member of Nomination Committee »



David Titterton

Industry non-executive director

David is an industry non-executive director at ELEXON. He is an engineer by background and has over 34 years' experience in the energy industry. David has held many senior roles in Npower, latterly as Energy Services Director, and prior to that Scottish Power; in all parts of the energy retail business including Customer Service & Field Operations, Sales & Marketing and Trading.

David Titterton was appointed to the ELEXON Board on six March 2019.

He brings a wealth of experience in initiating and developing business strategy, business development, acquisitions, business integration, divestment, transformation, leading people through major change and senior stakeholder engagement. David is also a Governor/Director of The Aspire Academy, an alternative provision school whose aim is to reduce the rate of permanent exclusion in key stage 4 pupils.

Board Roles:

Member of Remuneration Committee and Nomination Committee »

The directors

(Continued)



Sara Vaughan

Industry non-executive director

Sara Vaughan was appointed to the Elexon Board on 6 March 2019. Sara is a Political & Regulatory Affairs Director at E.ON in the UK. She started her career as a lawyer at Slaughter and May before moving to Powergen (as it then was) as a competition lawyer.

She has subsequently broadened her role through taking on a number of additional responsibilities such as regulation, compliance, energy policy, and external affairs including CSR, legal and company secretariat, HSSE and engineering governance.

She was appointed to the E.ON UK Board as Strategy & Regulation Director in 2012. Sara is a fellow of the Energy Institute.

Board Roles:

*Member of Audit and Risk Committee
and Nomination Committee*



Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 consider that the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's position, performance, business model and strategy."

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

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

The Directors consider that the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's position, performance, business model and strategy.

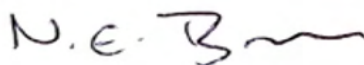
Auditor

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.
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Approved by the Board of Directors and signed on behalf of the Board.



Nicholas Brown
Company Secretary
2 September 2020

CORPORATE GOVERNANCE STATEMENT



Corporate governance

Elexon occupies a unique position of accountability and responsibility to the electricity industry and the Company's Board therefore recognises the importance and value of good corporate governance. Consequently, whilst Elexon is not a listed company so the UK Corporate Governance Code (2018) is not applicable to the Company, we do seek to follow best practice including those principles in the Corporate Governance Code that are relevant to the Company. A general narrative statement relating to the governance of the Group appears below.

Board leadership and company purpose

Sustainability of business model

There is a description of the Board's assessment of how the Company generates and preserves value over the long-term on page 15.

The Board considers and addresses opportunities and risks to the future success of the business through:

- Receiving regular reporting on and discussing the strategic activities, routes and pillars that are in place or underway;
- Developing thinking on opportunities and risk through bi-annual strategy meetings which include specific focus on the sustainability of the company's business model;
- The Audit and Risk Committee regularly considers risk management, as detailed on page 39, including focussing on risks to the future success of the business

Culture

The Board is satisfied that policy, practices and behaviour in the business are aligned with the Company's purpose, values and strategy. It satisfies itself on this by:

- Monitoring staff survey responses and the actions being taken to address any issues;
- Directors interacting directly with the workforce at least annually through an All Staff Briefing;
- Monitoring feedback from regular CEO floor talks with the workforce;

- Reviewing relevant policies including the Company's Code of Ethics and Whistleblowing Policy;
- The Audit and Risk Committee receiving internal audit updates on fraud and whistleblowing;
- Monitoring the nature and extent of workforce engage with internal and external audits;
- Monitoring of turnover and absenteeism through Finance Report KPIs;
- The Board members also striving, through their own behaviours, to set the 'tone from the top' for management and the workforce in sharing and living the purpose, values and strategy.

Developing the Company's people is one of Elexon's strategic priorities as set out on pages 29 and 30 of the BSCCo Business Plan 2020/21. The Company's approach to rewarding the workforce is set out in the staff remuneration policy approved by the Board and which is based on the following principles:

- Ensuring equal treatment as regards pay and benefits;
- Endeavouring to pay above the 50th percentile for benchmarked roles in comparable sectors;
- Taking into account the costs to the workforce of living and working in London;
- Endeavouring within reason to reflect remuneration best practice.

The Board has also appointed the Chair as its designated workforce non-executive director who, amongst other things, ensures that the 'employee voice' is considered in discussions about remuneration.



Board leadership and company purpose

(Continued)

Engagement with shareholders and stakeholders

The rights and responsibilities of the Company's sole shareholder, NGESO, are constrained by the BSC. Having regard to the role of Elexon under the BSC and its position as a central body for the electricity industry, the Company undertakes a dialogue with a broad range of stakeholders. Elexon's relationship with BSC Parties, as the Company's funding parties, is particularly key. In recognition of that, and in order to ensure the accountability of the Board to BSC Parties, BSC Parties have the collective right to remove Board members and to vote on their re-election.

The dialogue between the Board and stakeholders is conducted through a number of channels including:

- The Chair of the Board also chairs the BSC Panel;
- The Chief Executive also attends the BSC Panel;
- Three of Elexon's Non-Executive Directors are appointed from industry so are able to provide a stakeholder perspective at Board meetings;
- The Chair and Chief Executive hold regular meetings with stakeholders including BEIS, Ofgem and the ESO. These meetings are highlighted in advance and discussed by the Board with the outcome of these meetings then are reported to the Board;
- Attendance by Board members at occasional Panel meetings and informal Panel events;
- During the year, the Company seeks the comments from stakeholders on its Business Strategy and Budget for the forthcoming year;
- The Company conducts an annual customer survey which is considered by the Board, including any issues and concerns raised by BSC Parties;
- There are regular meetings between members of the Executive team and BSC Parties which are reported, where relevant, to the Board;
- The BSC provides for an Annual BSC Meeting where BSC Parties can ask questions of the Board and the BSC Panel;
- Every 6 months the chairman writes to BSC Parties describing the work of Elexon's Board and invites feedback from Parties.

Engagement with the workforce

The Board actively engages with the workforce using the following mechanisms:

- The Board has appointed the Chair as its designated workforce non-executive director. The Chair fulfils this role through formal engagement with the workforce at staff events, informal engagement

during the Chair's regular attendance at Elexon's offices, and participation in Elexon's internal social media platform. The Chair ensures that workforce views are taken into account in relevant Board decision making;

- Board members engage directly with the workforce through attendance at All Staff Briefings with the whole workforce and Breakfast Briefings with smaller groups of employees. Board members also attend informal social gatherings with the workforce at times during the year;
- The Board reviews the annual staff survey results;
- The Company's Chief People Officer attends various meetings of the Board and its Committees, including when the Board considers the annual staff survey and annual pay reviews.

Whistleblowing

The Board has established a whistleblowing policy. The policy and procedures for handling whistleblowing are reviewed annually by the Audit and Risk Committee. The Audit and Risk Committee considers the policy and the procedures for the investigation of such matters to be proportionate and independent.

Directors' Conflicts of Interest

Directors declare interests where relevant on Board discussions. Conflicts of interests are managed by the Chair and Board determining the extent to which a conflicted Director should participate in Board discussions on the relevant matter. The company secretary maintains a register of interests that is updated whenever new interests are reported and circulated at least biannually.

Noting of Directors' Concerns

The Chair encourages openness and debate. Furthermore, there is an opportunity after every meeting for Directors to raise any concerns in a more informal setting. Should Directors have concerns about the operation of the Board or the management of the Company that cannot be resolved, their concerns would be recorded in the minutes of that meeting. If, on resignation, any Non-Executive Director had such concerns they would be invited to provide a written statement to the Chair, for circulation to the Board.

Division of responsibilities

The Board

The Board is comprised of a Non-Executive Chair, the Chief Executive Officer and five independent Non-Executive Directors. It therefore satisfies the requirement for at least half the Board, excluding the Chair, to be Non-Executive Directors whom the Board considers to be independent.

Independence of Non-Executive Directors

The Board considers that all of the Non-Executive Directors are independent.

Clare Duffy is a senior employee of ESB (Electricity Supply Board), Sara Vaughan is a director of E.ON and David Titterton was during the course of the year, a director of Npower. As BSC Parties, Npower, ESB and Eon have a material business relationship with the Company. These matters are relevant to the criteria identified in the UK Corporate Governance Code relating to Directors' independence but the Board nonetheless considers each of those Non-Executive Directors to be independent. The rationale for this is that appointing industry Non-Executive Directors from amongst BSC Parties is an important element in ensuring that Elexon has the appropriate balance of skills, experience, independence and knowledge on the Board. The Board has considered the contribution of these Directors to the discussions and decisions of the Board and determined that they continue to demonstrate independence of judgement and character.

Senior Independent Director

David Rigney is the Senior Independent Director. The main responsibilities of the Senior Independent Director are to:

- provide a sounding board for the Chairman and to serve as an intermediary with other Directors when necessary;
- be available to stakeholders if they have concerns where contact through the normal channels of Chair, Chief Executive Officer or the Executive team has failed to resolve or for which such contact is inappropriate;
- meet with other Non-Executive Directors without the Chairman present at least annually in order to appraise the Chair's performance.

Scrutinising the Performance of Executive Directors

Elexon only has one Executive Director, the Chief Executive Officer, whom the Non-Executive Directors are responsible for appointing and removing. The Board, through its Nomination Committee, also reviews appointments to the Executive Team proposed by the Chief Executive Officer.

The Non-Executive Directors set annual performance objectives for the CEO and Executive Team and hold management to account against these objectives. The Chief Executive Officer provides a monthly report setting out all material matters affecting the group during the previous month with a particular focus on the progress of the Company's strategic routes and pillars.

The Chair held meetings with the Non-Executive Directors during the year without the Chief Executive Officer or management present which included discussion on the performance of the Chief Executive Officer.

Division of Responsibilities

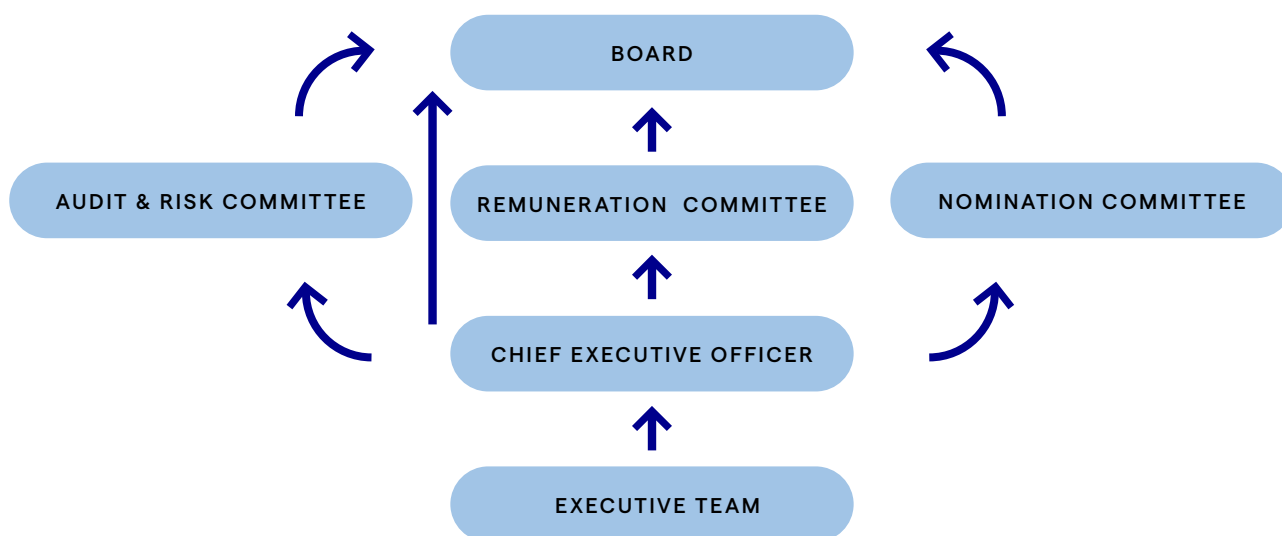
The Board has a written division of responsibilities between the Chair and Chief Executive Officer which is available on the Company's website. The Chair is responsible for running the Board and ensuring its effectiveness in all aspects of its role, whilst the Chief Executive Officer has executive responsibility for running the Company. The Non-Executive Directors provide constructive challenge and help develop proposals on strategy. They are responsible for scrutinising the performance of management, determining appropriate levels of remuneration for the Executive team and satisfying themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. »

Division of responsibilities

(Continued)

Governance Framework

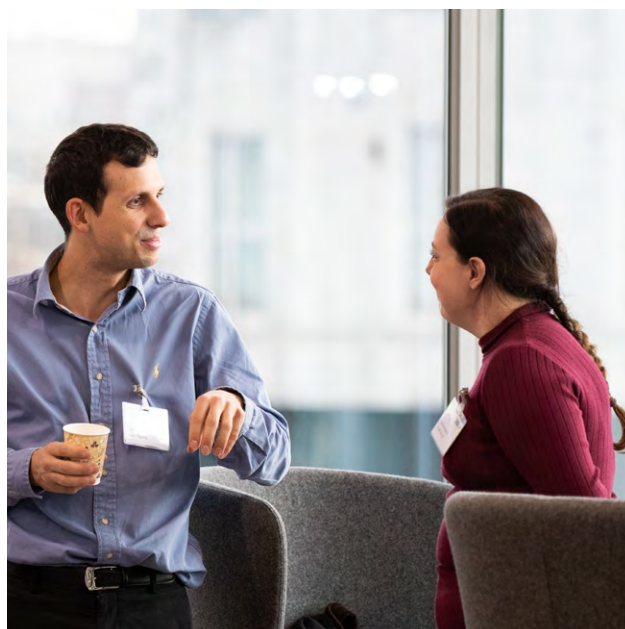
The Governance framework at Elexon is set out in the diagram below.



The Board has a formal schedule of reserved matters which is available on Elexon’s website. The role of the Board at Elexon is to:

- provide effective and entrepreneurial leadership of the Company, promoting its long-term sustainable success;
- satisfy itself that Elexon’s culture is aligned to its purpose, values and strategy, including by acting with integrity, leading by example and promoting the desired culture;
- ensure that the necessary resources are in place for the Company to meet its objectives and measure performance against them;
- ensure that the Company has a framework of prudent and effective controls, which enable risk to be assessed and managed;
- in order for the Company to meet its responsibilities to stakeholders, ensure effective engagement with, and encourage participation from, these parties
- ensure that workforce policies and practices are consistent with the Company’s values and support its long-term sustainable success
- provide constructive challenge, strategic guidance, specialist advice;
- scrutinise and hold to account the performance of management and individual Executive Directors against agreed performance objectives.

Each of the Board’s Committees has formal terms of reference. There are descriptions of the role of the Audit and Risk Committee (page 39), Nomination Committee (page 42), and the Remuneration Committee (page 40). »



Division of responsibilities

(Continued)

Attendance at Meetings

The Board, and each of its Committees, hold regular meetings scheduled throughout the year and ad hoc meetings as required. All Directors are expected to attend all Board and relevant Committee meetings. Any Director who is physically unable to attend Board and Committee meetings is given the opportunity to attend by telephone conference. Details of attendance by Directors at Board and Committee meetings during 2019/20 are set out in the table below.

Notes for the meeting attendance table below

1. Numbers in brackets show the number of meetings that each Director was a member of the Board or a Committee. Board and Committee membership is on pages 25 to 28.
2. Numbers with asterisks show how many Committee meetings a Director attended in whole or in part where they were not a member of that Committee. Non-members are invited to attend Committee discussions where this will enhance the efficiency of decision making.

Information and support

The Chair is responsible for promoting a culture of openness, challenge and scrutiny on the Board, and ensuring constructive relations between Executive and Non-Executive Directors. The Chair, supported by the Company Secretary, also ensures that the Board receives accurate, timely and clear information.

Every Board meeting is followed by an informal wrap-up session which provides an opportunity for the Directors to discuss, amongst other things, the openness of debate and the quality of information flows with a view to ensuring that standards are maintained or enhanced.

The formal agenda for each Board and Committee meeting is circulated, together with papers relating to each of the matters on the agenda, one week in advance. For significant matters, a member of the Executive team will contact each of the Directors in advance. A record of actions is created following each meeting and discussed at the following meeting. Formal minutes of all Board and Committee meetings are circulated to all Directors before the next Board or Committee meeting and are considered for approval at that Board meeting.

All of the Company's Directors are entitled to obtain independent professional advice at the Company's expense and have access to the services of the Company Secretary.

Name of Director	Board	Audit and Risk Committee	Remuneration Committee	Nominations Committee
Total number of meetings	9	4	7	3
Michael Gibbons	9 (9)	4*	7 (7)	3 (3)
Clare Duffy	9 (9)	4 (4)	7 (7)	3 (3)
David Rigney	9 (9)	4 (4)	2*	3 (3)
Mark Bygraves	9 (9)	4*	7*	3*
Anne Heal	8 (9)	–	7 (7)	3 (3)
Sara Vaughan	9 (9)	4 (4)	2*	3 (3)
David Titterton	8 (9)	–	7 (7)	2 (3)

Composition, succession & evaluation principles

Nomination Committee

The Board has established a Nomination Committee which leads the process for making appointments and makes recommendations to the Board as well as for succession planning. A report on activities of the Nomination Committee can be found on page 41.

The Nomination Committee is comprised of all Non-Executive Directors though, for convenience when making appointments to the Board, a smaller sub-group comprised of the Chair and two Non-Executive Directors undertake shortlisting and interviewing. The Committee is chaired by the Company Chair, but would be chaired by the Senior Independent Director if the appointment related to the role of the Chair. In any such appointment, the Senior Independent Director would also liaise with the deputy chair of the BSC Panel to agree whether to appoint the same person to chair the Board and the BSC Panel and to co-ordinate the appointment process. The terms of reference of the Nomination Committee are available on Elexon's website.

Board Composition

The Directors collectively bring a combination of skills, experience and knowledge to the Company. The Nomination Committee reviews the Board's skills matrix at least annually to ensure that there remains an appropriate balance on the Board. The membership of the Board was last refreshed in 2019 and is planned to be refreshed again in 2022.

No appointments were made to the Board during 2019/20.

Annual re-election

The provisions of the BSC require only those Directors who have been appointed, or reappointed, during the previous year to be subject to re-election at the next Annual BSC Meeting. However, the Board has resolved that, at the 2020 Annual BSC Meeting, it will nevertheless seek re-election of the whole Board and will continue to do so on annual basis.

Chair

The current Chair, Michael Gibbons, was appointed to his role on 1 October 2013. His appointment was extended for a further three year term on 1 October 2019 at the end of which he will have served for nine years. In keeping with the Corporate Governance Code, it is not expected that this time period will be extended other than for a limited period in exceptional circumstances.

Evaluation and effectiveness

The Board's performance and that of its Committees and Directors is evaluated every year. The evaluation is externally facilitated every third year. Independent Board Evaluation, which is independent of the Company, undertook the 2017/18 evaluation. A further externally facilitated evaluation is planned for 2020/21.

The 2019/20 effectiveness evaluation was conducted internally and was based on questionnaires prepared by the Company Secretary which focussed on providing a 360 assessment on each Director which was followed up by a meeting with the Chair. For the Chair, the Senior Independent Director was responsible for providing feedback. The evaluations concluded that the Directors individually and the Board as a whole continued to operate effectively.

The Board also holds an informal wrap-up session after each meeting which provides an opportunity for the Board to reflect on its effectiveness on a meeting-by-meeting basis. »

"The Nomination Committee reviews the Board's skills matrix at least annually to ensure that there remains an appropriate balance on the Board."

Composition, succession & evaluation principles

(Continued)

Development

The Chair, along with the Company Secretary, is responsible for the induction of new directors. As part of their induction, new directors receive an induction programme that is tailored to their individual needs and includes:

- meetings with the Chief Executive and the Executive team on Elexon's business, our strategy and stakeholders and the challenges facing the business;
- meetings with the Company Secretary on Elexon's corporate governance and the HR Manager on Elexon's people;
- a comprehensive directors' information pack; and
- an introduction to the BSC Panel (including attending a Panel meeting) and the Balancing and Settlement Code.

To strengthen the Directors' knowledge and understanding of the Company, Board members attend briefing sessions with different teams within the Company. Board meetings also regularly include briefings on specific topics of relevance to the Company's activities. During the course of this year, topics covered have included Elexon's innovations process, an insight into the development of a digital platform by the Company and electric vehicles.

The Chair met with each of the Non-Executive Directors during the third quarter of the year to discuss their performance and development.



Audit, Risk & Internal Controls

Audit and Risk Committee

The Audit and Risk Committee is comprised of three independent Non-Executive Directors and is chaired by David Rigney who has recent and relevant financial experience. All members of the committee are competent in the sector in which the Company operates.

The Company Chair is not a member of the Committee, although he is invited to, and does attend, Committee meetings.

More information on the role of the Audit and Risk Committee and its activities during the year can be found in the Committee's report on page 41

Going Concern and Viability Statement

Elxon's Going Concern statement can be found on page 24 in the Directors' Report. The Viability Statement can be found on page 20 in the Strategic Report.

Risk Management and Internal Control

The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. Further details of the principal risks facing the Company are set out on page 19.

The Board, supported by the Audit and Risk Committee, is responsible for:

- determining the nature and extent of the principal risks that the Company is willing to take in achieving its objectives;
- the Company's system of risk management and internal control; and
- reviewing the effectiveness of those systems.

Recognising that risk is an inevitable part of being in business, and that it is not possible to entirely eliminate risk, the Group's risk management and internal control system is designed to identify, monitor and mitigate risks rather than eliminate them.

The corporate risk register is reviewed by the Audit and Risk Committee on a quarterly basis. The Audit and Risk Committee also undertakes periodic deep dives into the management of specific risks.

Risks are assessed monthly by the responsible individuals assigned to the risk. The monthly assessment considers whether the threat of the risk is reducing or increasing as a result of the mitigation applied or if any risks can be closed. Any new risks are also considered and added as necessary.

Risk changes are collated by internal audit and reported to the monthly Executive meeting. The Executive team assess which risk changes or events merit inclusion in the risk section of the monthly Chief Executive's Report which is presented to the Board.

In addition, the Company's project management approach involves project teams identifying, analysing, evaluating and addressing risks associated with each project. Each project maintains its own risk register with significant project risks escalated to the corporate risk register. In addition, the Company maintains a project portfolio that ensures that risks and issues on one project which impact on other projects are identified and managed.

Elxon has an internal audit function that provides the Audit and Risk Committee with independent, objective assurance regarding internal controls and risk management processes as part of the Company's risk management and assurance regime. The Audit and Risk Committee agrees a programme of internal audit work annually and reviews progress at each of its meetings with the internal audit manager. All members of the Committee are provided with the reports prepared by the internal audit manager as part of the internal audit work plan.

Remuneration

Remuneration Committee

The Remuneration Committee is comprised of three independent Non-Executive Directors and the Company Chair. The Committee is chaired by Anne Heal who had been a member of Elexon's Remuneration Committee for 15 months prior to her appointment as Committee Chair.

The Committees' Terms of Reference are available on the Company's website.

The Committee is responsible for recommending to the Board the remuneration policy and setting the performance objectives and remuneration for the Executive team in accordance with the remuneration policy, and the remuneration for the Chairman. The Committee is also responsible for recommending the workforce remuneration policy to the Board. The Committee therefore takes workforce remuneration and policies into account when setting the policy for Executive remuneration.

The Report of the Remuneration Committee on page 43 outlines the activities of the Committee during the year and sets out excerpts of the Directors' remuneration policy.

Remuneration of Non-Executive Directors

The remuneration of the Non-Executive Directors is determined by the Chief Executive Officer and the Company Chair. The level of remuneration reflects the time commitments and responsibilities of the role as well as taking into account the need to attract and retain individuals with the necessary skills and experience. Directors' fees are benchmarked periodically taking into account the fees paid by comparable organisations.



Report of audit & risk committee

The Audit and Risk Committee is chaired by David Rigney who has recent, relevant and significant financial experience. The other members of the Audit and Risk Committee are Clare Duffy, and Sara Vaughan who have relevant experience in the electricity industry.

Purpose

The Terms of Reference for the Audit and Risk Committee are available on Elexon's website. Its main responsibilities include monitoring the integrity of the financial statements of the Company, reviewing and monitoring the external auditor's independence and objectivity, in particular, the provision of non-audit services that they provide and determining the nature and extent of the principal risks that the Company is willing to take in achieving its objectives, establishing the Company's system of risk management and internal control and reviewing the effectiveness of those systems.

In discharging these responsibilities, the Audit and Risk Committee considers reports from the external auditor, internal auditor and from management, and monitors the implementation of any necessary actions including an independent review of nominated areas of internal control.

Report

The key items considered by the Committee during the year were:

- the 2019 annual report;
- the 2019 audit report from BDO LLP;
- the 2019 audit work plan and accounting policies;
- an annual review of the effectiveness of the Company's external auditors;
- the results of reviews carried out by the Company's internal auditor;
- the principal risks and uncertainties faced by the Company, which are reviewed on a quarterly basis;
- a review of the Company's risk management system;
- quarterly reviews of the Company's information security arrangements;
- a review of the Company's code of ethics, with particular focus on gifts and hospitality;
- a review of the Company's whistleblowing arrangements;
- a review of the Company's compliance with the Corporate Governance Code 2018.

Significant issues

The Committee did not consider that there were any significant issues in relation to the financial statements that needed to be addressed.

Effectiveness of the External Audit Process

The Audit and Risk Committee undertakes an annual assessment of the independence and effectiveness of the annual audit process. This involves the completion of a comprehensive questionnaire by the Chief Financial Officer in consultation with the Audit and Risk Committee.

The external auditors, BDO LLP, were appointed in October 2017 following a competitive tender

Non-Audit Services

Note 10.4 to the financial statements includes a description of non-audit services performed by Elexon's external auditor during the year. The objectivity and independence of the auditor are safeguarded by limiting the value of non-audit services performed by the external auditor, the periodic rotation of the lead audit partner, independent reporting lines from the auditors to the Committee and the opportunity to meet with the Committee privately.

"The Terms of Reference for the Audit and Risk Committee are available on Elexon's website. Its main responsibilities include monitoring the integrity of the financial statements of the Company, reviewing and monitoring the external auditor's independence and objectivity."

Report of nomination committee

The Nomination Committee is chaired by Michael Gibbons. Its other members are Clare Duffy, David Rigney, Anne Heal, Sara Vaughan and David Titterton.

Purpose

The Terms of Reference for the Nomination Committee are available on Elexon's website. Its main responsibilities include:

- reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board
- succession planning
- identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.

Report

The key items considered by the Committee during the year were:

- Developing and/or ensuring that the Company has in place adequate succession plans, with particular focus this year on the Company Chair, the Senior Independent Director and the Executive Team;
- a review of the Board's skills matrix;
- the re-appointment of the Company Chair for a term of three years and the Senior Independent Director for a term of two years with a recognition that the end dates of their respective appointments may need to be flexible to ensure that the Senior Independent Director remained in office to oversee the appointment process for a new Chair in 2022. This may involve David Rigney's term of office being extended for a short period beyond 9 years;
- the re-appointments of Clare Duffy and Anne Heal as Non-Executive Directors for further terms of three years;
- reviewing appointments to the Executive Team recommended by the Chief Executive Officer;
- a review of Non-Executive Director independence.

Evaluations

The Board is responsible for the annual evaluation process. More details of this can be found on page 35 and 36.

Diversity

Elexon is committed to promoting equal opportunities in employment and maintains an Equal Opportunities Policy. The Board believes that diversity improves effectiveness and enhances the success of the Company. All appointments made by the Board include a consideration of the benefits of diversity.

The Board has not set specific targets for diversity but supports and encourages diversity throughout the Company. As regards the gender balance of the Board and senior management, the Board is comprised of four male and three female Directors and the Executive Team is comprised of three males and three females.



Report of remuneration committee

The Remuneration Committee is chaired by Anne Heal. Michael Gibbons, Clare Duffy and David Titterton are all members of this Committee.

Purpose

The Terms of Reference for the Remuneration Committee are available on Elexon's website. Its main responsibilities include:

- making recommendations to the Board on the Executive Team Remuneration Policy and the Staff Remuneration Policy
- Determining objectives for the performance related element of Executive remuneration and determining the extent to which such objectives have been achieved
- Determining Executive remuneration. In determining Executive remuneration the Committee adheres to a formal and transparent procedure.

Report

The key items considered by the Committee during the year were:

- agreeing the Executive bonus award for 2018/19
- setting Executive objectives for 2019/20
- approving Executive salary review for 2019/20
- the design, recommendation to the Board, and implementation of a strategic incentive scheme
- the design, recommendation to the Board, and implementation of a corporate redundancy policy
- the design of a strategic retention incentive

Note 11.3 to the financial statements sets out the Directors' remuneration for the year.

"In determining Executive remuneration the Committee adheres to a formal and robust procedure. The Committee is comprised entirely of independent Non-executive Directors who determine Executive remuneration in accordance with a policy that has been set by the Board."

Remuneration Consultants

The Committee appointed Korn Ferry to assist with the design of the strategic incentive scheme referred to above.

Strategic Incentive Plan

Elexon is not-for-profit, it has only a nominal share capital and its shares are not traded. It is therefore not possible for the Company to have a remuneration scheme that promotes long term shareholding in the Company by the Executive Team, as required by the Corporate Governance Code. However, the Remuneration Committee has developed a strategic incentive plan in order to:

- better align the interests of the Chief Executive Officer with the long term performance of the company in the interests of stakeholders;
- allow the Committee to set longer term objectives which cannot be captured through the annual bonus scheme;
- align the Chief Executive Officer's total remuneration with the 50th percentile for comparable roles as evidenced by Korn Ferry's benchmarking methodology and data.

Further details of the scheme are set out in the Remuneration Policy section below.

Process

In determining Executive remuneration the Committee adheres to a formal and robust procedure. The Committee is comprised entirely of independent Non-executive Directors who determine Executive remuneration in accordance with a policy that has been set by the Board. This policy is summarised below. Remuneration is set within the scope of the Company's total annual budget. Prior to approving the annual budget, the Board seeks comments from the Panel and BSC Parties. »

Report of remuneration committee

(Continued)

Policy

The remuneration of the Executive team is designed to promote the long term success of the Company. Their remuneration consists of a base salary plus taxable benefits (including private health insurance and life assurance), a defined contribution pension scheme (unless already a member of the legacy defined benefit scheme) and an annual performance bonus.

Only the basic salary of Executive Team members is pensionable and the Executive Team's contribution rates or the availability of payments in lieu of a contribution are the same as are available to the workforce. The benefits available to the Executive Team are also the same as those available to the workforce.

Total remuneration is benchmarked against a comprehensive data set currently supplied by Korn Ferry. Benchmarking is based on a job evaluation that will be reviewed at least every three years. Elexon's policy is to endeavour to remunerate all employees, including members of the Executive team at fair and competitive rates.

The annual Executive bonus is determined by reference to performance against individual and corporate objectives. Bonus awards are determined as a percentage of salary.

The Strategic Incentive Plan sets longer term objectives focussing on levels of stakeholder and workforce engagement and key strategic objectives in order to better align the interests of the Chief Executive Officer with the long term performance of the company in the interests of stakeholders. The strategic objectives are currently set by reference to three year periods. Depending on the nature of the objectives, the award for each period will either be all-or-nothing of a predetermined maximum cash award or will be payable on a graduated scale depending on the extent to which the objective has been achieved. All awards are subject to an 'all-or-nothing' financial efficiency and value for money test.

The notice periods of the Executive Team members is no more than 6 months. The Remuneration Committee's discretion in setting the various elements of Executive Team remuneration ensures that poor performance is not rewarded.

The rationale underlying remuneration policy and practices at Elexon is to attract and retain suitable calibre individuals for Executive roles and paying a level of remuneration that is commensurate with the complexity of the roles. In particular:

- The Company aligns remuneration to company strategy through the annual bonus scheme and strategic incentive plan;
- Performance metrics are considered in detail by the Remuneration Committee having regard to the particular nature of the organisation and reflected in annual and longer term objectives;
- The Company endeavours to pay fair and competitive rates taking account of the sector we operate in;
- The Committee has implemented a Strategic Incentive Plan and is undertaking work on a retention incentive to ensure that Executive remuneration operates as intended in the remuneration policy;
- Stakeholders views are reflected in remuneration decision through the membership of industry Non-Executive Directors and the Company Chair (who is also the BSC Panel Chair) on the Remuneration Committee. This allows for a robust industry perspective to be reflected in the Company's approach to Executive remuneration;
- The Committee undertakes an annual review of remuneration to ensure an appropriate alignment of Executive remuneration with staff pay policies and that any differences in approach are justified. In particular, the mechanisms by which the Non-Executive Directors interact with the workforce, including in relation to remuneration, are set out on page 40
- The Committee reserves flexibility to apply discretion in the following ways:
 - o determining the extent to which the outcome of salary benchmarking is reflected in Executive remuneration;
 - o determining the size of annual bonus awards within the limits set by the policy;
 - o determining the size of any strategic incentive plan award within the limits set out by the policy;
 - o the treatment of leavers;
 - o the strategic incentive plan also includes malus and clawback provisions in keeping with corporate governance best practice that would enable the Company to recover and/or withhold sums in certain circumstances at the discretion of the Committee.

INDEPENDENT AUDITOR'S REPORT

TO MEMBERS OF ELEXON LIMITED



Opinion

We have audited the financial statements of Elexon Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the consolidated profit and loss account, consolidated balance sheet, company balance sheet, consolidated cash flow statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2020 and of the Group's result for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

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

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

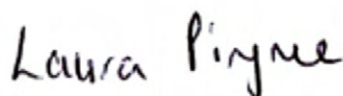
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that

an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Laura Pingree

Senior Statutory Auditor
*For and on behalf of BDO LLP,
statutory auditor*

London, UK
2 September 2020

BDO LLP is a limited liability
partnership registered in
England and Wales
(with registered number OC305127).

Consolidated profit & loss account

07

There are no movements in reserves, shareholder's funds, or any other recognised gains or losses and consequently no Statement of changes in equity and Statement of comprehensive income and retained earnings have been presented.

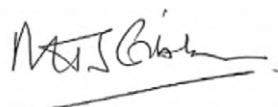
The notes on pages 53 to 65 form part of these financial statements

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent Company, Elexon Limited, is not presented as part of these financial statements. The parent Company's result for the financial year was £nil (2019: £nil).

	Notes	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Turnover	11.2	46,729	45,375
Cost of sales		(46,777)	(45,390)
Operating result	11.4	(48)	(15)
Interest receivable and similar income	11.5	48	15
Interest payable and similar charges	-	-	-
Result from ordinary activities before taxation		-	-
Tax on result from ordinary activities	11.6	-	-
Result for the financial year	-	-	-
Retained result brought forward	-	-	-
Retained result carried forward	-	-	-

The notes on pages 53 to 65 form part of these accounts. These financial statements were approved by the Board of Directors and authorised for issue on 2 September 2020.

Signed on behalf of the Board of Directors Company
Registration Number 3782949

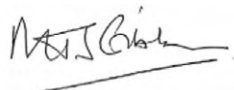


Michael Gibbons
Director

	Notes	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Fixed assets			
Tangible assets	11.7	551	587
	11.8	79	1,179
		630	1,766
Current assets			
Debtors	11.10	113,725	138,350
	11.11	89,941	101,583
		203,666	239,933
Creditors: amounts falling due within one year	11.12	(204,296)	(241,699)
Net current liabilities		(630)	(1766)
Total assets less current liabilities	-	-	-
Creditors: amounts falling due after more than one year	-	-	-
Net assets	-	-	-
Capital and reserves			
Called up share capital	11.13	-	-
Shareholder's funds	-	-	-

The notes on pages 53 to 65 form part of these financial statements. These financial statements were approved by the Board of Directors and authorised for issue on 2 September 2020.

Signed on behalf of the Board of Directors Company
Registration Number 3782949



Michael Gibbons
Director

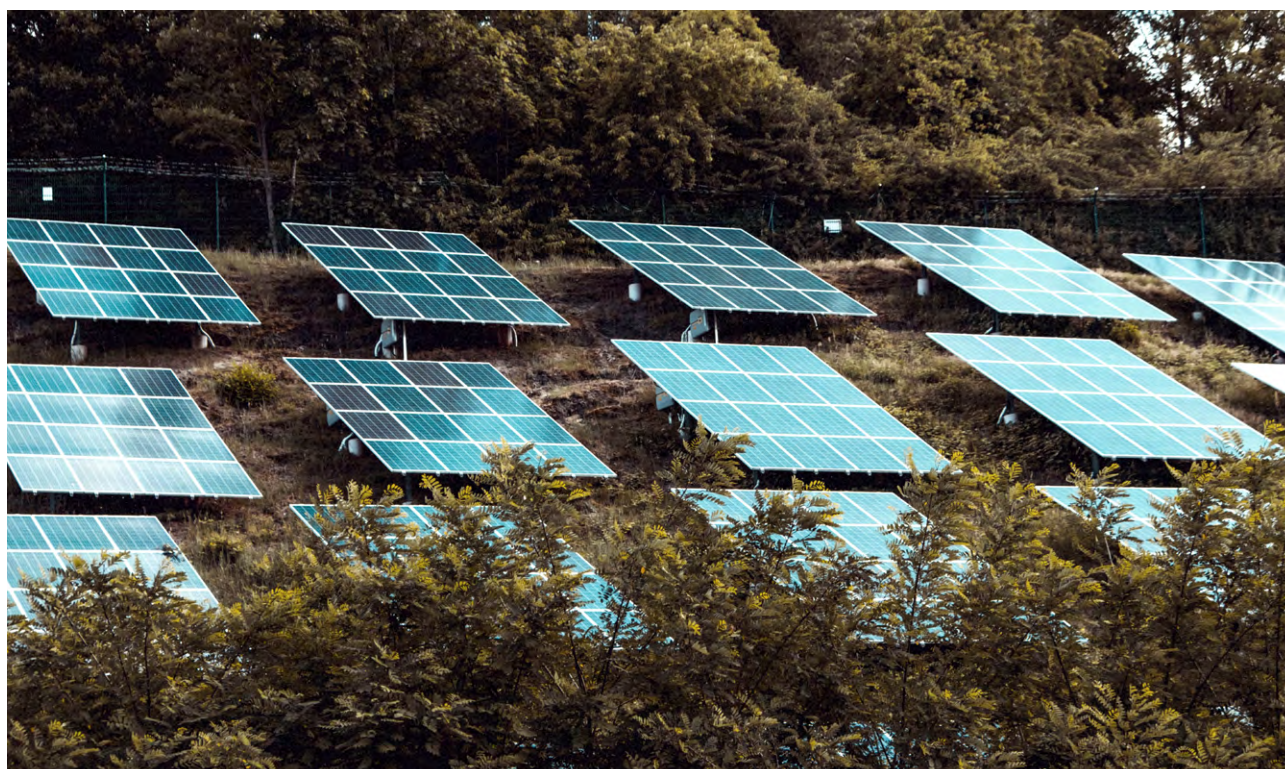
	Notes	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Fixed assets			
Tangible assets	11.7	551	587
Intangible fixed assets	11.8	79	1,179
Investment	11.9	-	-
		630	1,766
Current assets			
Debtors	11.10	2,741	2,895
Cash at bank and in hand	11.11	4,871	2,900
		7,585	5,795
Creditors: amounts falling due within one year	11.12	(8,215)	(7,561)
Net current liabilities	-	(630)	(1,766)
Total assets less current liabilities	-	-	-
Creditors: amounts falling due after more than one year	-	-	-
Net assets	-	-	-
Capital and reserves			
Called up share capital	11.13	-	-
Shareholder's funds	-	-	-

Consolidated cash flow statement

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The notes on pages 53 to 65 form part of these financial statements.

	Notes	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Operating activities			
Net cash (outflow)/inflow from operating activities	11.19	(11,395)	12,210
Returns on investments and servicing of finance			
Interest received		48	15
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(295)	(301)
Payments to acquire intangible fixed assets		–	–
Receipts from sales of tangible fixed assets		–	–
Net cash outflow from capital expenditure and financial investment		(295)	(301)
(Decrease)/Increase in cash and cash equivalents	11.20	(11,642)	11,924



NOTES TO THE FINANCIAL STATEMENTS



Notes to the financial statements

11.1 Accounting policies

The financial statements are prepared in accordance with United Kingdom law and Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. They have all been applied consistently throughout the year, and to the preceding year, with the exception of intangible fixed assets due to policy change.

The particular accounting policies adopted are described below.

Basis of accounting

Elexon Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 4. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 13 to 22.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The financial statements cover the reporting period April 2019 to March 2020.

The functional currency of Elexon Limited is in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Elexon Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate Company financial statements in relation to presentation of a profit and loss and cash flow statement.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries.

Basis of preparation

Arrangements are in place to manage financial risk, as stated on page 19 to 20 of the Strategic Report. As a result the Board considers that there is a reasonable

expectation that the Company will continue in operating existence for the foreseeable future. Management have assessed whether COVID-19 will impact the group and the company's ability to continue in its operations and we do not consider a material uncertainty in relation to COVID-19, therefore the going concern basis of preparation has been used. Please refer to the Directors' Report of Going Concern on page 24, Viability Statement on page 20 and the Strategic Report on page 13 for further information.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at original cost, together with any incidental cost of acquisition.

Depreciation is calculated on a straight-line basis over the useful life of the tangible fixed assets. The estimated useful life used for the purpose of these financial statements is:

Fixtures and fittings: 4 years

Office and IT equipment: 3 years

Operational assets – metering equipment: 10 years

Intangible fixed assets

Previous software developments costs have been recognised as intangible fixed assets and are stated at original cost, together with any incidental cost of acquisition. Amortisation is calculated on a straight-line basis over the useful life of the intangible assets. The estimated useful life used for the purpose of these accounts is:

Development cost: Three years

Development costs commencing 2019/20, will not be capitalised and will be expensed to the P&L under FRS 102.

Recognition of revenue

The financial statements have been prepared on the basis of revenue and cost incurred in the year, which are considered to reflect the services provided in the year relating to BSC Parties under the terms of the BSC. Income is therefore recognised over the periods necessary to match it the related costs which it is intended to compensate on a systematic basis. »

Notes to the financial statements

(Continued)

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Deferred taxation

Deferred tax is recognised in respect of all material timing differences that have originated or 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.

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.

Leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term. Rent free periods are spread over the lease term on a straight-line basis.

Pension and other post-retirement benefits

As described in note 10.17, the Group contributes to the NGEg section of the Electricity Supply Pension Scheme (ESPS), a defined benefit scheme. The Group is unable to identify separately its share of NGEg's section of the Scheme's underlying assets and liabilities and, accordingly, contributions are accounted for as if it were a defined contribution scheme.

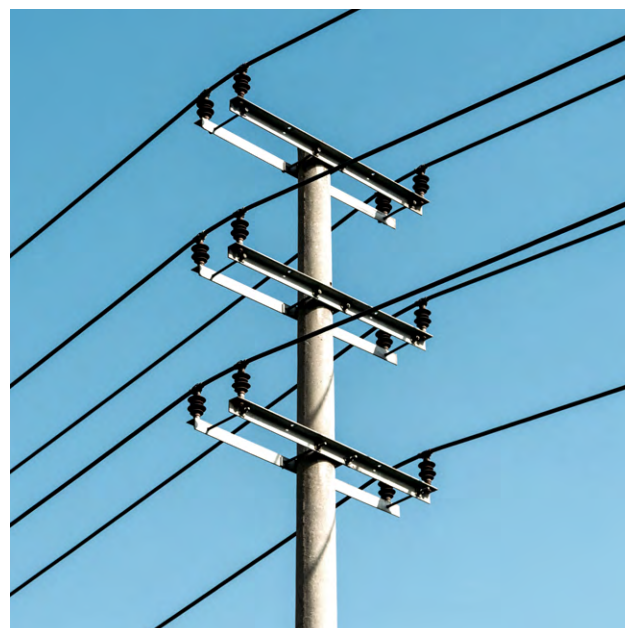
For the defined contribution scheme the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as accruals or prepayments in the balance sheet.

Related party transactions

In line with Financial Reporting Standard 102 section 33 (Related Party Disclosures), the Company is not required to disclose transactions with wholly-owned subsidiaries.

Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit or loss in other operating expenses.



Turnover in the year primarily represents amounts due from BSC Parties under the terms of the BSC. There is a reconciliation which charges/credits the difference between amounts invoiced to each BSC Party relating to the financial year and the amount due from each BSC Party under the terms of the BSC. Any difference is deferred or accrued as appropriate.

All turnover arises from activities in the UK.

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
BSC Section D charges	41,386	40,495
EMR operational levy funded income	5,307	4,844
Other Income	36	36
(Decrease)/Increase in cash and cash equivalents	46,729	45,375



Information regarding Directors & employees

11.3

The remuneration of Group Directors for the year ended 31 March 2020 is set out below.

The Directors received benefits of £4k from Elexon. None of the Directors hold any shares or share options in the Company.

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Directors' remuneration		
Emoluments (including benefits in kind)	639	608
Remuneration of the highest paid director:		
Emoluments (including benefits in kind)	323	296
Company contribution to money purchase or defined benefit schemes	–	–

Information regarding employees is shown below.

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Average number of persons employed	189	175
Staff costs during the year (including Directors)	£'000	£'000
Wages and salaries	11,181	9,465
Social security costs	1,245	1,058
Pension costs (See note 11.17)	1,734	1,556
	14,160	12,079

Operating result

11.4

Audit fees

Group audit fees payable to BDO LLP were £58,350 (2019: £56,650) of which £52,515 (2019: £51,650) relates to the Company.

	Notes	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Group Operating result is stated after charging			
Fixed Assets Depreciation	11.7	331	340
Amortisation of Intangible	11.8	1,100	1,619
Loss from Obsolescence	11.8	–	–
Operating lease rentals			
– land and buildings		1,924	1,877
– plant and machinery		23	24
Fees payable to the Company's auditor for the audit of the Company's accounts		58	57
Total non-audit fees (tax, assurance and accounting advice)		6	8

Interest receivable & similar income

11.5

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Bank interest	(48)	(15)

Tax on result from ordinary activities

11.6

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
United Kingdom corporation tax at 19% based on the result for the year	–	–

Tangible fixed assets

11.7

Group and company

	Operational assets / Meter Equipment £'000	Office Equipment and Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Costs				
At 1 April 2019	496	1,653	1,213	3,362
Additions	-	182	113	295
Work In Progress	-	-	-	-
Disposals	-	(258)	(97)	(355)
At 31 March 2020	496	1,577	1,229	3,302
Accumulated depreciation				
At 1 April 2019	493	1,196	1,086	2,775
Charge for the year	2	204	125	331
Disposals	-	(258)	(97)	(355)
At 31 March 2020	495	1,142	1,114	2,751
Net book value				
At 31 March 2020	1	435	115	551
At 31 March 2019	3	457	127	587



Group and Company

Intangible assets relate to the software development costs of the Balancing Mechanism and Reporting Service (BMRS) system and the relocating of our existing data centres used to host the BSC central systems to a commercial cloud infrastructure.

The additions intangible assets relate to our finance reporting software called Board which went live in

April 2019, which allows the organisation access to more timely information. The Board solution, which was purchased in 2018/19, has an estimated remaining useful life of 3 years and the carrying amount as at 31 March 2020 was £79k.

These assets are capitalised because they will bring future economic benefit and ensure the stability of the central systems and will mitigate the risks of failure and overall deliver better value for money to BSC parties.

	Intangible assets £'000	WIP	Total
Costs			
At 1 April 2019	6,109	103	6,212
Additions	103	-	103
Work In Progress	-	(103)	(103)
Disposals	-	-	-
At 31 March 2020	6,212	-	6,212
Accumulated amortisation			
At 1 April 2019	5,033	-	5,033
Charge for the year	1,100	-	1,100
Disposals	-	-	-
At 31 March 2020	6,133	-	6,133
Net book value			
At 31 March 2020	79	-	79
At 31 March 2019	1,076	103	1,179

Investments

Company investments at cost were; £179 at 31 March 2020 (2019: £179)

£111,243,069 (2019: £135,757,673) of the Trading Party balances represents amounts due from trading parties under Section N of the BSC for the 30 days of trading from 2 March 2020 to 31 March 2020. An amount of £111,216,024 (2019: £135,694,644) is included in

Creditors: amounts falling due within one year (see note 11.12). The rest of the Trading Party balances represents advance payments by trading parties as well as defaulted amounts due to be recharged to and collected from non-defaulting trading parties.

	Group	Group	Company	Company
	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Trade debtors	124	55	124	55
Trading Party balances	111,243	135,757	-	-
Taxation and social security	245	-	191	-
Prepayments and accrued income	2,043	2,442	2,329	2,744
Other debtors	70	96	70	96
	113,725	138,350	2,714	2,895

Cash at bank & in hand

11.11

Group cash of £89,941,408 (2019: £101,583,106) includes £84,009,648 (2019: £98,087,808) of security deposits lodged by Trading Parties with ELEXON Clear under Section M of the BSC. £657,458 (2019: £nil) of cash at bank represents advance payments by three trading parties for their trading balances. Amounts lodged as security deposits are the absolute property of ELEXON Clear but can only be used as credit cover for trading balances as set out in the BSC.

The BSC also sets out the limited instances whereby security deposits are repaid to Trading Parties. Interest accrued on cash deposits is paid to the lodging parties in accordance with the BSC.

Company cash of £4,870,547 (2019: £2,900,413) comprises of cash at bank only.

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Cash at Bank	5,274	3,495
Security Deposits	84,667	98,088
	89,941	101,583

Creditors: Amounts falling due within one year

11.12

	Group		Company	
	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Security deposits lodged by Trading Parties (see note 11.11)	84,694	98,151	-	-
Trade creditors	1,424	1,781	1,392	1,753
Trading Party balances (see note 11.10)	111,216	135,694	-	-
Taxation and social security	344	627	344	602
Other creditors	143	88	143	88
Accruals and deferred income	6,475	5,358	6,336	5,119
	204,296	241,699	8,215	7,562

Called up share capital

11.13

	Year ended 31 March 2020 £	Year ended 31 March 2019 £
Authorised: 100 Ordinary shares of £1	100	100
Called up, allotted and fully paid: One Ordinary share of £1	1	1

Financial commitments

11.14

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group	Group	Company	Company
	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Leases which expire:				
- within one year	1,924	1,924	1,924	1,924
- between one and five years	7,695	7,695	7,695	7,695
- after five years	4,501	6,412	4,501	6,412

Operating lease commitments relate to land and buildings

Ultimate parent Company

11.15

Elxon is wholly-owned by NGESO. The ultimate parent entity of NGESO is National Grid plc.

The Directors are of the opinion that, under Financial Reporting Standard 102 (Accounting for Subsidiary Undertakings), the financial statements of Elxon

do not require consolidation within the financial statements of National Grid plc group. Under Section C of the BSC, NGESO is prohibited from consolidating the financial results of Elxon or its subsidiaries with its own or with any of its affiliated entities.

Related party transactions

11.16

There were no related parties' transactions this financial year (2019: none).

The total pension cost for the year ended 31 March 2020 from all schemes comprised regular contributions of £1,622,726 (2019: £1,555,874). At 31 March 2020, there were accrued pension liabilities of £49,867 (2019: £49,867).

Defined benefit scheme

As of 31 March 2020, 7% (2019: 8%) of the Group's employees were members of NGE's section of the Electricity Supply Pension Scheme ('ESPS'), a defined benefit scheme. The ratio has reduced and is diluted as the number of staff employed has increased and this pension scheme is closed to new joiners. The assets of the Scheme are held in a separate trustee administered fund. The Scheme is divided into sections, one of which relates to NGE. NGE's section of the scheme provides final salary defined benefits and was closed to new entrants on 1 April 2006. The Group's pension contributions are determined on a section-wide basis as advised by the actuary and are fully expensed in the Profit and Loss Account.

For the scheme year 2019/20, Elexon incurred employer pension contribution costs of £904,557 (2019: £908,362) for its defined benefit scheme, of which £598,404 (2019: £598,404) was towards the deficit repair.

The EPS, in accordance with the Pensions Act 2004, is subject to a full actuarial valuation every three years. An annual review is also performed every year. The last review valuation (completed in March 2017) set out the position as at 31 March 2016. The results of the new actuarial valuation is expected in September 2020. The actuary used is Aon Hewitt Limited. The results of this actuarial valuation have been used as the basis for assessing pension costs. In summary, the results of the last full actuarial review available showed that as at 31 March 2018

- the total assets of the NG Scheme were £3,060.9m
- liabilities i.e. the cost of providing the pensions/benefits were £3,402.1m
- the deficit was therefore £341.2m, a decrease of £159.3m from the deficit of £500.5m identified in the previous 2016 valuation. The NG Scheme assets were calculated as being sufficient to meet 90.0% of its accrued liabilities (at the previous 2016 valuation assets were sufficient to meet 83.6% of accrued liabilities)

The main reasons for the deficit continued to be increases in longevity, altering the profile of active members versus pensioners.

Following the last review, employers' contribution is 32.7% (twice members' normal contributions, 2 x 8%, plus 16.7%). Elexon's share of the Deficit Repair continues to be £49,867 per month to 31 March 2022.

Defined contribution scheme

Since 1 September 2006, all new permanent employees have only been offered the option to join a new Elexon Pension Scheme. The Elexon Pension Scheme is a defined contribution Group Stakeholder Pension Plan. Elexon matches employee contributions on a two for one basis to a maximum of 12% of basic salary. All eligible staff were auto enrolled. In the scheme year of 2019/20, Elexon incurred employer's contribution costs of £758,169 (2018/19: £579,565) for its defined contribution scheme.



Additional information on subsidiary undertakings

11.18

The results of all of the above entities are included within the consolidated financial statements.

Poolserco [3646729], BSC Co. Limited [3837126] and Poolit Limited [3646741] have taken advantage of the S448a exemption from preparing individual accounts as they are dormant entities, and the directors of these companies are exempt from the requirement to deliver a copy of the company's individual accounts to the register.

Subsidiary undertaking	Country of registration	Activity	Portion of ordinary shares held %	Physical Address
Poolserco Limited	England and Wales	Dormat	100	4th Floor 350 Euston Road London
Poolit Limited	England and Wales	Holder of intellectual property rights and licences, no-trading	100	
Elxon Clear Limited	England and Wales	Legal counterparty to balance and imbalance transactions per the BSC	100	
BSC Co. Limited	England and Wales	Dormat	100	
EMR Settlement Limited	England and Wales	Undertakes settlement functions for Electricity Market Reform	100	

Reconciliation of operating result to net cash flow from operating activities

11.19

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Operating result	(48)	(15)
Fixed Assets Depreciation	331	340
Amortisation of Intangible	1,100	1,619
Loss on disposal of fixed assets	(0)	1
(Increase) / Decrease in debtors	24,626	(33,460)
Increase / (Decrease) in creditors	(23,947)	32,681
Increase / (Decrease) in trading deposit	(13,457)	11,044
NET CASH FLOW from OP. ACTIVITIES	(11,395)	12,210

Reconciliation of net cash flow to movement in net cash

11.20

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Net cash at 1 April	101,583	89,659
Increase / (Decrease) in cash	(11,642)	11,924
Net cash at 31 March	89,941	101,583

Subsequent events

11.21

There are no events subsequent to 31 March 2020 requiring disclosure.



ELEXON
350 Euston Rd, London
NW1 3AW, United Kingdom

Tel: 020 7380 4100
Web: Elexon.co.uk

