

**Consent given by the Gas and Electricity Markets Authority (the “Authority”) pursuant to Licence Condition 30 (Requirements for the Regulatory Accounts) of the Smart Meter Communication Licence granted pursuant to Sections 7AB(2) and (4) of the Gas Act 1986 and Sections 6(1A) and (1C) of the Electricity Act 1989 to Smart DCC Ltd.**

Whereas:

1. Smart DCC Ltd (the “Licensee”) is the holder of a licence (the “Licence”) granted pursuant to Sections 7AB(2) and (4) of the Gas Act 1986 and Sections 6(1A) and (1C) of the Electricity Act 1989.
2. The Licensee is a wholly owned subsidiary of Capita plc (“Capita”). Capita is a quoted company for the purposes of Chapter 4 of the Companies Act 2006.
3. Licence Condition 30, Part C, of the Licence requires the Licensee to ensure, so far as is reasonably practicable, and except where the Authority<sup>1</sup> otherwise consents, that its Regulatory Accounts:
  - a. have the same content and format as the most recent or concurrent statutory accounts prepared under Part 15 of the Companies Act 2006, subject to the inclusion of Segmental Information; and
  - b. comply with the requirements applicable to a Quoted Company in Chapter 4 of the Companies Act 2006 with respect to the preparation of the annual accounts and the requirements of the applicable accounting framework under which it prepares them.
4. On 13 May 2022, pursuant to Licence Condition 30, Part C, the Licensee requested the Authority’s consent to exclude from the Licensee’s Regulatory Accounts for Regulatory Year 2021/22 (“RY21/22”), and for future years up to and including the period ending 31 March 2025, the following components that are required of a Quoted Company:
  - a. In the Director’s Report, the capital structure;<sup>2</sup> and

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<sup>1</sup> The terms “the Authority”, “we” and “us” are used interchangeably in this document.

<sup>2</sup> Schedule 7, Part 6 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008.

- b. In the Corporate Governance Statement, the re-election of the board.<sup>3</sup>
5. The Authority considers that consent should be given to the Licensee for the following reasons:
- a. the Licensee does not have any traded shares (having only £1 of share capital) and therefore the capital structure of the Licensee is straightforward, such that the information contained in its accounts and the Licence is sufficient to obtain a full understanding. This is unlikely to change in future Regulatory Years up to and including the period ending 31 March 2025.
  - b. the provisions of the UK Corporate Governance Code regarding re-election require directors of FTSE 350 companies to be subject to annual election by shareholders. All other directors should be subject to election by shareholders at the first annual general meeting (AGM) after their appointment, and to re-election thereafter at intervals of no more than three years. The Licensee is not a FTSE 350 company and does not hold AGMs, and its directors are not subject to re-election in RY21/22. This is unlikely to change in future Regulatory Years up to and including the period ending 31 March 2025.
6. The Authority considers that consent should be given to the Licensee to exclude the above components for Regulatory Years ending 31 March 2022 (RY21/22), 31 March 2023 ("RY22/23"), 31 March 2024 ("RY23/24"), and 31 March 2025 ("RY24/25"), provided that the reasons described in paragraphs 5a and 5b of this consent do not change.
7. The Authority requires the Licensee to provide information in case of any change in circumstances that may require the excluded components to be included in the Regulatory Accounts.

**Now** the Authority consents as follows:

Pursuant to Licence Condition 30, Part C, of the Licence, the Licensee's Regulatory Accounts for RY21/22, RY22/23, RY23/24, and RY24/25 are not required to comply with the requirements applicable to a Quoted Company in Chapter 4 of the Companies Act 2006 with respect to the preparation of the annual accounts, in relation to the following components:

- a. In the Directors' Report, the capital structure; and
- b. In the Corporate Governance Statement, re-election of the board.

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<sup>3</sup> Required for compliance with Section 18 of the UK Corporate Governance Code

**Notice of reasons**

8. This document also constitutes a notice under section 38A of the Gas Act 1986 and section 49A Electricity Act 1989 of the reasons for the decision of the Authority to give this consent pursuant to Condition 30 of the Licence.

**Dated 8 June 2022****Ayena Gupta****Head of DCC Oversight and Regulatory Review****Duly Authorised on behalf of the Gas and Electricity Markets Authority**