

**NORTHERN ELECTRIC plc**

**HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2022**

# INTERIM MANAGEMENT REPORT

## Cautionary Statement

This interim management report has been prepared solely to provide additional information to shareholders to assess the business and strategies of Northern Electric plc (the “Company”) and its subsidiaries (together the “Group”) and should not be relied on by any other party or for any other purpose.

## Business Model

The Company is part of the Northern Powergrid Holdings Company and its subsidiaries group of companies (the “Northern Powergrid Group”) and its principal activity during the six months to 30 June 2022 was to act as a holding company, with its main operating subsidiaries being Northern Powergrid (Northeast) plc (“Northern Powergrid”), Integrated Utility Services Limited (“IUS”) and Northern Powergrid Metering Limited (“Metering”).

Northern Powergrid distributes electricity to approximately 1.6 million customers connected to its electricity distribution network in the North East of England and is an authorised distributor under the Electricity Act 1989. IUS provides engineering contracting services to various clients and Metering rents meters to energy suppliers.

## Results for the six months ended 30 June 2022

During the period ended 30 June 2022, the Group made a profit after tax of £56.0 million; this was £30.8 million higher than the 6 months ended 30 June 2021 and was mainly as a result of higher gross margins and the impact of change in tax legislation in the prior period partially offset by higher operating expenses, including depreciation and storm costs.

IUS continued to operate its engineering contracting business with revenues lower than the 6 months ended 30 June 2021.

Metering continued to deliver a satisfactory performance in terms of the contracts secured with energy suppliers for the provision of smart meters in the United Kingdom and also to develop further opportunities with other energy suppliers.

## Revenue

Revenue at £267.7 million was £31.3 million higher than for the six months ended 30 June 2021 mainly due to higher distribution use of system tariffs and the recovery of amounts paid under the supplier of last resort process, as well as increased metering revenues.

## Cash flow

Cash and cash equivalents as at 30 June 2022 were £403.1 million, representing an increase of £361.0 million when compared with the position at 31 December 2021. This compares with a decrease of £11.6 million in the comparative six month period, primarily due to higher financing undertaken in the current period with a new bond issued in April 2022.

The Group has access to a £100 million revolving credit facility provided by Barclays Bank plc, Lloyds Bank plc, HSBC UK Bank plc and Royal Bank of Canada. The Group entered into a new Facility Agreement in December 2021 for a period of three years, with two 1-year extension options

In addition, the Group has access to short-term borrowing facilities provided by Yorkshire Electricity Group plc, a related party, and to a £19.0 million overdraft facility provided by Lloyds Bank plc.

**Dividends**

No ordinary dividends were paid in the period resulting in £56.0 million being transferred to reserves.

**Related party transactions**

The Company provides certain corporate functions to the Northern Powergrid Group.

Further details of the related party transactions entered into by the Group and the Company and changes therein are included in Note 7 to this half-yearly financial report.

**Principal risks and uncertainties**

Information concerning the principal long-term risks and uncertainties and the internal control system are included in the Group's latest annual reports and accounts for the year to 31 December 2021, which is available at [www.northernpowergrid.com](http://www.northernpowergrid.com).

It is anticipated that these risks will continue to be the principal risks facing the business for the remaining six months of 2022.

**Going concern**

In the Group's latest annual reports and accounts for the year to 31 December 2021 the directors set out a number of factors they took into account when they considered continuing to adopt the going concern basis in preparing those annual reports and accounts. The directors confirm that no events have occurred during the six months to 30 June 2022, which alter the view expressed in the annual reports and accounts to 31 December 2021.

**Future strategy and objectives**

The Company will continue to develop its business as a holding company in a manner that concentrates on the Group's principal activities of electricity distribution, engineering contracting and the rental of meters to energy suppliers.

**Responsibility Statement**

The board of directors confirm that to the best of their knowledge:

- (a) the condensed set of financial statements, which has been prepared in accordance with IAS 34, gives a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation as a whole as required by Disclosure and Transparency Rules ("DTR") 4.2.4R for the six months to 30 June 2022;
- (b) the interim management report contains a fair review of the information required by DTR 4.2.7R; and
- (c) the interim management report includes a fair review of the information required by DTR 4.2.8R.

By order of the board



A P Jones  
Director

12 September 2022

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS - SIX MONTHS  
ENDED 30 JUNE 2022**

	6 Months ended 30 June 2022 (unaudited)	6 Months ended 30 June 2021 (unaudited)
	£m	£m
Revenue	267.7	236.4
Cost of sales	<u>(31.6)</u>	<u>(16.8)</u>
<b>Gross profit</b>	<b>236.1</b>	<b>219.6</b>
Operating expenses	<u>(141.8)</u>	<u>(120.4)</u>
<b>Operating profit</b>	<b>94.3</b>	<b>99.2</b>
Other gains	0.3	0.3
Finance income	1.0	0.7
Finance costs	<u>(24.8)</u>	<u>(20.7)</u>
<b>Profit before tax</b>	<b>70.8</b>	<b>79.5</b>
Income tax expense	<u>(14.8)</u>	<u>(54.3)</u>
<b>Profit from ordinary activities after tax</b>	<b><u>56.0</u></b>	<b><u>25.2</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
COMPREHENSIVE INCOME - SIX MONTHS ENDED 30 JUNE 2022**

	6 Months ended 30 June 2022 (unaudited) £m	6 Months ended 30 June 2021 (unaudited) £m
<b>PROFIT FOR THE PERIOD</b>	<b>56.0</b>	<b>25.2</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Employee benefit obligation	20.9	28.9
Income tax relating to items of other comprehensive income	(5.2)	(5.5)
	<u>15.7</u>	<u>23.4</u>
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Cash flow hedge	11.8	1.8
Income tax relating to items of other comprehensive income	(3.0)	(0.2)
	<u>8.8</u>	<u>1.6</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	<u><b>24.5</b></u>	<u><b>25.0</b></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><b>80.5</b></u>	<u><b>50.2</b></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SIX MONTHS ENDED 30 JUNE 2022**

	30 June 2022  (unaudited) £m	31 December 2021  £m
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	46.3	48.9
Property, plant and equipment	3,026.7	2,993.2
Right of use asset	15.5	14.4
Investments	4.2	3.9
Pension asset	285.8	262.2
Derivative asset	11.4	0.9
Trade and other receivables	4.1	2.7
	<u>3,394.0</u>	<u>3,326.2</u>
<b>CURRENT ASSETS</b>		
Inventories	22.6	20.4
Trade and other receivables	91.4	89.4
Contract assets	7.8	7.6
Tax receivable	5.8	2.3
Derivative asset	1.5	0.2
Cash and cash equivalents	403.1	42.1
	<u>532.2</u>	<u>162.0</u>
<b>TOTAL ASSETS</b>	<u><b>3,926.2</b></u>	<u><b>3,488.2</b></u>
<b>EQUITY</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	72.2	72.2
Share premium account	158.7	158.7
Hedging reserves	9.7	0.9
Other reserves	6.2	6.2
Retained earnings	1,300.0	1,228.3
<b>TOTAL EQUITY</b>	<u><b>1,546.8</b></u>	<u><b>1,466.3</b></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SIX MONTHS ENDED 30 JUNE 2022**

	30 June 2022 (unaudited) £m	31 December 2021 £m
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Deferred revenue	649.0	649.0
Borrowings	1,312.9	986.0
Lease liability	12.2	11.4
Deferred tax	191.6	182.9
Provisions	1.7	2.3
	<u>2,167.4</u>	<u>1,831.6</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	113.6	103.4
Deferred revenue	29.3	28.6
Borrowings	63.0	51.4
Lease liability	3.6	3.4
Provisions	2.5	3.5
	<u>212.0</u>	<u>190.3</u>
<b>TOTAL LIABILITIES</b>	<u><b>2,379.4</b></u>	<u><b>2,021.9</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>3,936.2</b></u>	<u><b>3,488.2</b></u>

The interim financial statements were approved by the board of directors and authorised for issue on 12 September 2022 and were signed on its behalf by:

A P Jones  
Director

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - SIX MONTHS ENDED 30 JUNE 2022**

	Share Capital £m	Share Premium Account £m	Other Reserves £m	Hedging Reserves £m	Retained Earnings £m	<b>Total £m</b>
<b>Balance at 1 January 2022</b>	<b>72.2</b>	<b>158.7</b>	<b>6.2</b>	<b>0.9</b>	<b>1,228.3</b>	<b>1,466.3</b>
Profit for the period (unaudited)	-	-	-	-	56.0	<b>56.0</b>
Other comprehensive income (unaudited)	-	-	-	8.8	15.7	<b>24.5</b>
<b>Balance at 30 June 2022</b>	<b>72.2</b>	<b>158.7</b>	<b>6.2</b>	<b>9.7</b>	<b>1,300.0</b>	<b>1,546.8</b>

	Share Capital £m	Share Premium Account £m	Other Reserves £m	Hedging Reserves £m	Retained Earnings £m	<b>Total £m</b>
<b>Balance at 1 January 2021</b>	<b>72.2</b>	<b>158.7</b>	<b>6.2</b>	<b>(3.1)</b>	<b>1,046.2</b>	<b>1,280.2</b>
Profit for the period (unaudited)	-	-	-	-	25.2	<b>25.2</b>
Other comprehensive income (unaudited)	-	-	-	1.6	23.4	<b>25.0</b>
<b>Balance at 30 June 2021</b>	<b>72.2</b>	<b>158.7</b>	<b>6.2</b>	<b>(1.5)</b>	<b>1,094.8</b>	<b>1,330.4</b>

	Share Capital £m	Share Premium Account £m	Other Reserves £m	Hedging Reserves £m	Retained Earnings £m	<b>Total £m</b>
<b>Balance at 1 January 2021</b>	<b>72.2</b>	<b>158.7</b>	<b>6.2</b>	<b>(3.1)</b>	<b>1,046.2</b>	<b>1,280.2</b>
Profit for the period	-	-	-	-	77.7	<b>77.7</b>
Dividends	-	-	-	-	-	-
Other comprehensive income	-	-	-	4.0	130.4	<b>134.4</b>
Dividends	-	-	-	-	(26.0)	<b>(26.0)</b>
<b>Balance at 31 December 2021</b>	<b>72.2</b>	<b>158.7</b>	<b>6.2</b>	<b>0.9</b>	<b>1,228.3</b>	<b>1,466.3</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months ended 30 June 2022 (unaudited) £m	6 Months ended 30 June 2021 (unaudited) £m
<b>Cash flows from operating activities</b>		
Profit for the year	56.0	25.2
Depreciation and amortisation	79.8	72.4
Amortisation of deferred revenue	(14.5)	(13.8)
Profit on disposal of property, plant and equipment	(0.3)	(0.3)
Retirement benefit obligation	(1.9)	(7.7)
Finance income	(1.0)	(0.7)
Finance costs	24.8	20.7
Income tax expense	14.8	54.3
	157.7	150.1
Increase in inventories	(2.2)	(0.5)
(Increase)/decrease in trade and other receivables	(3.4)	9.2
Increase in contract assets	(0.2)	(1.0)
Decrease in trade and other payables	(6.0)	(4.7)
Decrease in provisions	(1.6)	-
	144.3	153.1
Cash generated from operations	144.3	153.1
Net interest paid	(25.9)	(19.0)
Tax paid	(17.6)	(15.7)
	(100.8)	(118.4)
<b>Net cash from operating activities</b>	<b>100.8</b>	<b>118.4</b>
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	0.3	0.3
Purchase of property, plant and equipment	(116.4)	(113.7)
Purchase of intangible assets	(3.1)	(4.7)
Receipt of customer contributions	23.8	17.0
	(95.4)	(101.1)
<b>Net cash used in investing activities</b>	<b>(95.4)</b>	<b>(101.1)</b>
<b>Financing activities</b>		
Issue of long-term borrowings	346.3	-
Repayment of long-term borrowings	-	(14.5)
Repayment of short-term borrowings	-	-
Movement in loans from group undertakings	12.1	(12.5)
Lease payment	(2.8)	(1.9)
	355.6	(28.9)
<b>Net cash generated by/(used in financing activities)</b>	<b>355.6</b>	<b>(28.9)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>361.0</b>	<b>(11.6)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>42.1</b>	<b>21.9</b>
<b>Cash and cash equivalents at end of period</b>	<b>403.1</b>	<b>10.3</b>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The information included within these condensed financial statements that refer to the year ended 31 December 2021, does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor reported on those accounts and that report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

### 2. ACCOUNTING POLICIES

#### **Basis of preparation**

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board (“IASB”). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, as adopted by the IASB.

#### **Going concern**

In the Group’s latest annual reports and accounts for the year to 31 December 2021 the directors set out a number of factors they took into account when they considered continuing to adopt the going concern basis in preparing those annual reports and accounts. The directors confirm that no events have occurred during the six months to 30 June 2022, which alter the view expressed in the annual reports and accounts to 31 December 2021.

#### **Changes in accounting policy**

The Company’s accounting policies and methods of computation are the same as the accounting policies which are described in the Company’s financial statements for the year ended 31 December 2021, with the only changes being outlined below.

#### **Application of new and revised IFRS**

None of the standards, interpretations and amendments which are effective for periods beginning 1 January 2022 has had a material effect on the financial statements:

- Amendments to IFRS 3 – Reference to the Conceptual Framework;
- Amendments to IAS 16 – Proceeds before Intended Use; and
- Amendments to IAS 37 – Onerous Contracts (Cost of fulfilling a contract).

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 3. SEGMENTAL ANALYSIS

The Group operates in three principal areas of activity, those of the distribution of electricity, engineering contracting and smart meter rental in the United Kingdom.

The Group is separated into the following segments:

Distribution: Northern Powergrid (Northeast) plc

Contracting: Integrated Utility Services Limited

Metering: Northern Powergrid Metering Services Limited

Other: Includes support activities

The following is an analysis of the Group's revenue and results by reportable segment in the six months ended 30 June 2022 (unaudited):

	Distribution £m	Contracting £m	Metering £m	Other £m	Total £m
<b>REVENUE</b>					
External sales	212.1	8.8	42.5	4.3	<b>267.7</b>
Inter-segment sales	0.2	5.8	-	(6.0)	-
Total Revenue	<u>212.3</u>	<u>14.6</u>	<u>42.5</u>	<u>(1.7)</u>	<u>267.7</u>
<b>SEGMENT RESULTS</b>					
Operating profit/(loss)	<u>73.1</u>	<u>(0.1)</u>	<u>14.8</u>	<u>6.5</u>	<b>94.3</b>
Other gains					<b>0.3</b>
Finance income					<b>1.0</b>
Finance costs					<u>(24.8)</u>
Profit before tax					<u><b>70.8</b></u>
<b>OTHER INFORMATION</b>					
Capital additions	91.2	-	26.6	-	<b>117.8</b>
Depreciation and amortisation	54.5	0.3	26.0	(1.0)	<b>79.8</b>
Amortisation of deferred revenue	<u>(14.5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14.5)</u>

External sales to the E.ON group in the six months ended 30 June 2022 represented 20.76% of revenue within the Distribution segment.

External sales to British Gas Ltd in the six months ended 30 June 2022 represented 12.48% of revenue within the Distribution segment.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 3. SEGMENTAL ANALYSIS (CONTINUED)

The following is an analysis of the Group's revenue and results by reportable segment in the six months ended 30 June 2021 (unaudited):

	Distribution £m	Contracting £m	Metering £m	Other £m	Total £m
<b>REVENUE</b>					
External sales	187.3	9.9	35.9	3.3	<b>236.4</b>
Inter-segment sales	0.2	5.9	-	(6.1)	-
Total Revenue	<u>187.5</u>	<u>15.8</u>	<u>35.9</u>	<u>(2.8)</u>	<u>236.4</u>
<b>SEGMENT RESULTS</b>					
Operating profit	<u>77.3</u>	<u>-</u>	<u>12.8</u>	<u>9.1</u>	<b>99.2</b>
Other gains					<b>0.3</b>
Finance income					<b>0.7</b>
Finance costs					<u>(20.7)</u>
Profit before tax					<u>79.5</u>
<b>OTHER INFORMATION</b>					
Capital additions	94.9	-	28.5	-	<b>123.4</b>
Depreciation and amortisation	53.6	0.2	21.2	(2.6)	<b>72.4</b>
Amortisation of deferred revenue	<u>(13.8)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13.8)</u>

External sales to E.ON group in the six months ended 30 June 2021 represented 19.49% of revenue within the Distribution segment.

External sales to British Gas Ltd in the six months ended 30 June 2021 represented 11.02% of revenue within the Distribution segment.

Sales and purchases between the different segments are made at commercial prices.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 3. SEGMENTAL ANALYSIS (CONTINUED)

The accounting policies of the reportable segments are the same as the Group's accounting policies which are described in the Group's latest annual financial statements. The segment results represent the profit earned by each segment without allocation of the share of profits of joint ventures, associates, finance income and finance costs and income tax expense.

<b>Segment net assets</b>	30 June 2022 Unaudited £m	31 December 2021 £m
Distribution	2,075.6	2,048.9
Contracting	5.2	4.4
Metering	114.4	96.8
Other	226.4	219.0
Total net assets by segment	2,421.6	2,369.0
Unallocated net corporate liabilities	(874.8)	(902.8)
Total net assets	<u>1,546.8</u>	<u>1,466.3</u>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 4. INCOME TAX EXPENSE

Tax for the six-month period ended 30 June 2022 is charged at 20.9% (six months ended 30 June 2021: 68.3%). This is higher than the standard rate of corporation tax in the UK and represents the best estimate of the average annual effective tax rate expected for the full year, as applied to the pre-tax income of the six-month period. In addition, the prior year included the impact of the rate change enacted in June 2021.

	6 months ended 30 June 2022 Unaudited £m	6 months ended 30 June 2021 Unaudited £m
Current tax	14.3	14.6
Deferred tax	<u>0.5</u>	<u>39.7</u>
Total income tax expense	<u>14.8</u>	<u>54.3</u>

Finance Act 2021 was enacted on the 10 June 2021 and the impact of the Finance Act has increased the rate of corporation tax from 19% to 25% from 1 April 2023. As a result, deferred tax balances have been re-measured at the 25% rate and this remeasurement gave rise to an increased deferred tax liability of £38.6m (for the six-months ended 30 June 2021) which is reflected within the above tax charge.

There is no uncertainty over the acceptable income tax treatment. Should any uncertainties arise, the Company will apply adopted amendments to IFRIC 23.

### 5. RETIREMENT BENEFIT SCHEMES

The defined benefit obligation as at 30 June 2022 is calculated on a year-to-date basis, using the annual actuarial valuation as at 31 December 2021. The latest triennial valuation carried out by AON was on the 31 March 2019 and was concluded in 2020. There have not been any significant fluctuations or one-time events since that time that would require adjustment to the actuarial assumptions made at June 2022.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 6. FINANCIAL INSTRUMENTS

Except as detailed in the following table, the directors consider that the carrying value amounts of financial assets and financial liabilities are approximately equal to their fair values:

	Carrying value		Fair value	
	30 June 2022 Unaudited £m	31 December 2021 £m	30 June 2022 Unaudited £m	31 December 2021 £m
<b>Financial liabilities</b>				
Short-term loan	12.6	0.5	12.6	0.5
Bond 2035 – 5.125% (Northern Electric Finance plc)	149.3	153.4	165.2	204.2
Bond 2049 – 2.750% (Northern Electric Finance plc)	148.0	150.0	118.1	172.2
Bond 2052 – 3.25% (Northern Electric Finance plc)	349.1	-	299.7	-
Bond 2062 – 1.875% (Northern Powergrid (Northeast) plc)	294.8	297.6	177.8	289.9
Amortising loan 2026 - 2.5041%*	194.1	212.4	195.9	212.4
EIB Loan 2027 – 2.564% (Northern Powergrid (Northeast) plc)	121.7	120.1	115.7	126.1
Northern Powergrid Holding Company 2037 – 5.9%	102.9	100.0	122.3	148.3
Cumulative preference shares	3.4	3.4	180.9	167.0
	<u>1,375.9</u>	<u>1,037.4</u>	<u>1,388.2</u>	<u>1,320.6</u>

\*2026 £218m Amortising Loan is 80% swapped at a fixed rate of 2.4455%, with the remaining 20% floating at SONIA plus 1.55%.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 7. RELATED PARTY TRANSACTIONS

#### Group

Transactions entered into with related parties and balances outstanding were as follows:

	Sales to related parties £m	Purchases from related parties £m	Amounts owed to related parties £m	Borrowings (to)/from related parties £m	Finance income/ (costs) from/(to) related parties £m
<b>Related party</b>					
<i>Six months ended 30 June</i>					
<i>2022:</i>					
Northern Powergrid Limited	-	-	-	-	(3.1)
Northern Powergrid (Yorkshire) plc	14.0	8.1	-	-	-
Vehicle Lease and Service Limited	-	3.1	-	-	(0.1)
Northern Powergrid Holding Company	-	-	-	102.9	(2.9)
Yorkshire Electricity Group plc	-	-	-	(343.4)	(1.0)
	<u>14.0</u>	<u>11.2</u>	<u>-</u>	<u>(240.5)</u>	<u>(7.1)</u>
<i>Six months ended 30 June</i>					
<i>2021:</i>					
Northern Powergrid Limited	-	-	-	-	(3.1)
Northern Powergrid (Yorkshire) plc	14.3	5.8	-	-	-
Vehicle Lease and Service Limited	0.1	3.3	-	-	0.5
Northern Powergrid Holding Company	-	-	-	102.9	(2.9)
Yorkshire Electricity Group plc	-	-	-	22.9	(0.7)
	<u>14.4</u>	<u>9.1</u>	<u>-</u>	<u>125.8</u>	<u>(6.2)</u>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)**

**7. RELATED PARTY TRANSACTIONS (CONTINUED)**

**Group - continued**

	Sales to related parties £m	Purchases from related parties £m	Amounts owed to related parties £m	Borrowings to/(from) related parties £m	Finance income/ (costs) from/(to) related parties £m
<b>Related party</b>					
<i>Year ended 31</i>					
<i>December 2021:</i>					
Integrated Utility Services Limited (registered in Eire)	2.2	5.8	-	-	-
CE Gas Ltd	0.1	-	-	-	-
Northern Powergrid Limited	-	-	-	-	(6.2)
Northern Powergrid (Yorkshire) plc	28.3	11.3	-	-	-
Vehicle Lease and Service Limited	0.1	5.0	-	-	1.1
Northern Powergrid Holding Company	-	-	-	100.0	(5.9)
Yorkshire Electricity Group plc	-	-	-	16.0	(0.2)
	<u>30.7</u>	<u>22.1</u>	<u>-</u>	<u>116.0</u>	<u>(11.2)</u>

Sales and purchases from related parties were made at commercial prices.

Interest on loans to/from Group companies is charged at a commercial rate.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 7. RELATED PARTY TRANSACTIONS (CONTINUED)

#### Company

Transactions entered into with related parties and balances outstanding were as follows:

	Sales to related parties £m	Purchases from related parties £m	Borrowings (to)/from related parties £m	Finance income/ (costs) from/(to) related parties £m
<b>Related party</b>				
<i>Six months ended 30 June</i>				
<i>2022:</i>				
Integrated Utility Services Limited	0.1	0.1	-	-
Northern Powergrid Gas Limited	-	-	-	-
Northern Powergrid Limited	-	-	-	(3.1)
Northern Powergrid (Northeast) plc	2.4	-	-	-
Northern Powergrid (Yorkshire) plc	1.0	-	-	-
Vehicle Lease and Service Limited	-	-	-	-
Yorkshire Electricity Group plc	-	-	17.6	0.1
	<u>3.5</u>	<u>0.1</u>	<u>17.6</u>	<u>(3.0)</u>
<i>Six months ended 30 June</i>				
<i>2021:</i>				
Integrated Utility Services Limited	0.2	-	-	-
Northern Powergrid Gas Limited	-	-	-	-
Northern Powergrid Limited	-	-	-	(3.1)
Northern Powergrid (Northeast) plc	2.4	-	-	-
Northern Powergrid (Yorkshire) plc	1.0	-	-	-
Vehicle Lease and Service Limited	0.1	-	-	-
Yorkshire Electricity Group plc	-	-	207.7	-
	<u>3.7</u>	<u>-</u>	<u>207.7</u>	<u>(3.1)</u>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 7. RELATED PARTY TRANSACTIONS (CONTINUED)

#### Company – continued

	Sales to related parties £m	Purchases from related parties £m	Amounts owed to related parties £m	Borrowings (to)/from related parties £m	Finance income/ (costs) from/(to) related parties £m
<b>Related party</b>					
<i>Year ended 31 December</i>					
<i>2021:</i>					
Integrated Utility Services Limited	-	-	-	-	-
CE Gas Limited	0.2	-	-	-	-
Northern Powergrid Limited	-	-	-	-	(6.2)
Northern Powergrid (Northeast) plc	4.6	-	-	-	26.0
Northern Powergrid (Yorkshire) plc	2.0	-	-	-	-
Vehicle Lease and Service Limited	0.1	-	-	-	1.1
Northern Electric & Gas Limited	-	-	-	-	-
Yorkshire Electricity Group plc	-	-	-	29.0	-
	<u>6.9</u>	<u>-</u>	<u>-</u>	<u>29.0</u>	<u>20.9</u>

Sales and purchases from related parties were made at commercial prices.

Interest on loans to/from Group companies is charged at a commercial rate.