

REGISTERED NUMBER: CR 75763 (Cayman Islands)

YORKSHIRE POWER FINANCE LIMITED

HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2024

INTERIM MANAGEMENT REPORT

Cautionary Statement

This interim management report has been prepared solely to provide additional information to shareholders to assess the business of Yorkshire Power Finance Limited (the “Company”) and should not be relied on by any other party or for any other purpose.

Business Model

The Company is registered in the Cayman Islands and is a subsidiary of Northern Powergrid Holdings Company and its subsidiaries group of companies (the “Northern Powergrid Group”) and acts as an issuer of long-term debt securities in order to raise finance for Yorkshire Power Group Limited, its immediate parent company, and other companies in the Northern Powergrid Group.

Results for the six months ended 30 June 2024

During the period ended 30 June 2024, the Company made a profit after tax of £0.6 million (period ended 30 June 2023: £0.5 million).

There were no significant events during the period ended 30 June 2024 such that there was no material impact on the financial statements.

Income statement

Investment income and finance costs were in line with the same period in the prior year.

Cash flow

Cash and cash equivalents as at 30 June 2024 is £nil (31 December 2023: £nil).

Financial position

Profit after tax at £0.6 million, £0.1 million higher than the same period in the prior year due to interest income.

Related party transactions

Details of the related party transactions entered into by the Company and changes therein are included in Note 5 to this half-yearly financial report.

Dividends

No ordinary dividends were paid in the period resulting in £0.6 million being transferred to reserves.

Risks and uncertainties

The principal risks and uncertainties facing the Company are included in the Company’s latest annual reports and accounts for the year to 31 December 2023, which is available at 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 2024.

Going concern

In the Company's latest annual report and accounts for the year to 31 December 2023 the directors set out a number of factors taken into account when considering continuing to adopt the going concern basis in preparing that annual report and accounts.

The directors confirm that no events have occurred during the six months to 30 June 2024, which alter the view expressed in the Company's annual report and accounts for the year to 31 December 2023.

Future strategy and objectives

The Company will continue to act as the issuer of long-term debt securities.

Responsibility Statement

The directors confirm that to the best of their knowledge:

- (a) the condensed set of financial statements has been prepared in accordance with IAS 34, and gives a true and fair view of the assets, liabilities, financial position and profit of the Company for the six months to 30 June 2024; and
- (b) the interim management report contains a fair review of the important events that have occurred during the first six months of the year and their impact, if any, on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year.

By order of the board



A P Jones
Director

23 September 2023

CONDENSED STATEMENT OF PROFIT OR LOSS – SIX MONTHS ENDED TO 30 JUNE 2024

	Six months ended 30 June 2024 (unaudited) £m	Six months ended 30 June 2023 (unaudited) £m
CONTINUING OPERATIONS		
Finance income	7.6	7.4
Finance costs	<u>(6.8)</u>	<u>(6.8)</u>
PROFIT BEFORE INCOME TAX	0.8	0.6
Income tax	<u>(0.2)</u>	<u>(0.1)</u>
PROFIT FOR THE PERIOD	<u>0.6</u>	<u>0.5</u>

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2023

There is no other comprehensive income for the Company for the six months to 30 June 2024 or the comparative six month period in 2023 other than the profits reported above.

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	30 June 2024	31 December 2023
	(unaudited)	
	£m	£m
ASSETS		
NON-CURRENT ASSETS		
Trade and other receivables	181.7	181.7
CURRENT ASSETS		
Trade and other receivables	38.7	31.5
Cash and cash equivalents	-	-
	38.7	31.5
TOTAL ASSETS	220.4	213.2
EQUITY		
SHAREHOLDERS' EQUITY		
Called up share capital	-	-
Share premium	20.0	20.0
Retained earnings	3.2	2.6
TOTAL EQUITY	23.2	22.6
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	185.0	184.9
CURRENT LIABILITIES		
Income tax liability	-	0.2
Borrowings	12.2	5.5
	12.2	5.7
TOTAL LIABILITIES	197.2	190.6
TOTAL EQUITY AND LIABILITIES	220.4	213.2

The half-yearly financial statements were approved by the board of directors and authorised for issue on 23 September 2023 and were signed on its behalf by:



A P Jones
Director

**CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED
30 JUNE 2024**

	Share Capital £m	Share Premium Account £m	Retained Earnings £m	Total Equity £m
Balance at 1 January 2024	-	20.0	2.6	22.6
Comprehensive income for the period (unaudited)	-	-	0.6	0.6
Balance at 30 June 2024 (unaudited)	-	20.0	3.2	23.2

	Share Capital £m	Share Premium Account £m	Retained Earnings £m	Total Equity £m
Balance at 1 January 2023	-	20.0	1.5	21.1
Comprehensive income for the period (unaudited)	-	-	0.5	0.5
Balance at 30 June 2023 (unaudited)	-	20.0	2.0	22.0

	Share Capital £m	Share Premium Account £m	Retained Earnings £m	Total Equity £m
Balance at 1 January 2023	-	20.0	1.5	21.5
Comprehensive income for the period	-	-	1.1	1.1
Balance at 31 December 2023	-	20.0	2.6	22.6

CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2024

	6 Months ended 30 June 2024 (unaudited) £m	6 Months ended 30 June 2023 (unaudited) £m
Profit for the period	0.6	0.5
Finance costs	6.8	6.8
Finance income	(7.6)	(7.4)
Income tax charge	0.2	0.1
	-	-
Cash generated from operations	-	-
Net interest received	0.7	0.5
Income taxes paid	(0.4)	(0.1)
	0.3	0.4
Net cash generated from operating activities	0.3	0.4
Net movement in cash equivalents	0.3	0.4
Cash and cash equivalents at beginning of period	-	24.5
Cash and cash equivalents at end of period	-	24.9

Yorkshire Electricity Group plc, a Northern Powergrid Group company, acting on behalf of other group companies was authorised to settle various liabilities against the relevant intercompany accounts. The Company has disclosed the underlying cash flows as operating, investing or financing according to their nature on the basis that, as a principal, the entity has the right to the cash inflows and/or the obligation to settle the liability and ensure clarity of disclosure of the cash costs of the business.

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 2023 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The auditor reported on the Company's accounts for the year ended 31 December 2023 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 Company 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 Company's latest annual report and accounts for the year to 31 December 2023 the directors set out a number of factors taken into account when considering continuing to adopt the going concern basis in preparing that annual report and accounts.

The directors confirm that no events have occurred during the six months to 30 June 2024, which alter the view expressed in the Company's annual report and accounts for the year to 31 December 2023.

Changes in accounting policy

New standards, interpretations and amendments effective

Effective for periods beginning on or after 1 January 2023:

- Amendments to IFRS 17: Insurance Contracts
- Amendments to IAS 1: Presentation of Financial Statements
- Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates

Effective for periods beginning on 23 May 2023:

- Amendments to IAS 12: Income Taxes

The amendments have had no material impact on the financial statements including the comparatives.

Effective for periods beginning on 1 January 2024:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IFRS 16: Lease Liability on a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7: Supplier Finance Agreements

The Directors have considered the above accounting standards issued that are not yet applicable and have noted no material changes are likely to arise.

3. INCOME TAX EXPENSE

Tax for the six month period to 30 June 2024 is charged at 25.0% (six months ended 30 June 2023: 23.5%), which 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.

The Autumn Statement 2022 confirmed the increased the rate of corporation tax from 19% to 25% from 1 April 2023.

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

4. FINANCIAL INSTRUMENTS

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

	Carrying Value		Fair Value	
	30 June 2024 (unaudited) £m	31 December 2023 £m	30 June 2024 (unaudited) £m	31 December 2023 £m
Financial assets				
Amounts owed by group undertakings	220.4	213.2	208.5	227.9
Cash and cash equivalents	-	-	-	-
	<u>220.4</u>	<u>213.2</u>	<u>208.5</u>	<u>227.9</u>
Financial liabilities				
Sterling denominated Eurobond due 2028 @ 7.25%	<u>197.2</u>	<u>190.4</u>	<u>208.5</u>	<u>203.0</u>

5. RELATED PARTY TRANSACTIONS

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

	Interest received from related parties £m	Borrowings owed from related parties £m
Related party		
Six months ended 30 June 2023 (unaudited):		
Yorkshire Power Group Limited	7.1	220.4
Yorkshire Electricity Group plc	0.5	-
	<u>7.6</u>	<u>220.4</u>
Six months ended 30 June 2022 (unaudited):		
Yorkshire Power Group Limited	6.9	194.3
Yorkshire Electricity Group plc	0.5	24.9
	<u>7.4</u>	<u>219.2</u>
Year ended 31 December 2023:		
Yorkshire Power Group Limited	13.9	187.4
Yorkshire Electricity Group plc	-	25.9
	<u>13.9</u>	<u>213.3</u>

Interest on loans to companies within the Northern Powergrid Group is charged at a commercial rate of interest.

Amounts owed by Yorkshire Power Group Limited are included in trade and other receivables, amounts owed by Yorkshire Electricity Group plc are included in cash and cash equivalents.