

REGISTERED NUMBER: 02366942

**NORTHERN ELECTRIC plc**

**HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2017**

## INTERIM MANAGEMENT REPORT

### **Cautionary Statement**

This interim management report has been prepared solely to provide additional information to shareholders to assess the business 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 group of companies (the “Northern Powergrid Group”) and its principal activity during the six months to 30 June 2017 was to act as a holding company, with its main operating subsidiaries being Northern Powergrid (Northeast) Limited (“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 smart meters to energy suppliers.

### **Results for the six months ended 30 June 2017**

The Group delivered a satisfactory performance for the six months ended 30 June 2017, although profit after tax reduced by £2.5 million when compared to the previous year mainly as a result of mainly as a result of higher depreciation and salaries costs, partly offset by higher smart meter rental revenue.

IUS continued to operate its engineering contracting business and saw an increase in revenues in the six months to 30 June 2017. Work on private electrical infrastructure for network owners in the North East of England and Yorkshire and on Multi-Utility contracts, which relate to the provision of electric, gas and water connections to housing developers, has increased in 2017.

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 Ireland and also to develop further opportunities with other energy suppliers.

### **Revenue**

Revenue at £199.4 million was £9.4 million higher than for the six months ended 30 June 2016 mainly due to higher smart meter rental revenue and contracting revenue, partly offset by lower distribution revenues.

### **Cash flow**

Cash and cash equivalents as at 30 June 2017 were £0.4 million, representing a decrease of £0.1 million when compared with the position at 31 December 2016.

Northern Powergrid has access to £75.0 million under a five-year committed revolving credit facility provided by Lloyds Bank plc, Royal Bank of Scotland plc and Abbey National Treasury Services plc, which is due to expire on 30 April 2020.

In addition, the Group has access to short-term borrowing facilities provided by Yorkshire Electricity Group plc, a related party, and to a £22 million overdraft facility provided by Lloyds Bank plc.

### Financial position

Profit before tax at £71.5 million was £3.5 million lower than the six months ended 30 June 2016 mainly as a result of lower distribution revenues, higher depreciation and higher operating costs, partly offset by higher smart metering rental income.

### Dividends

No ordinary dividends were paid in the period resulting in £57.1 million being transferred to reserves.

### Related party transactions

The Company provides certain corporate functions to the Northern Powergrid Group, including financial accounting and planning, treasury, taxation, pensions, internal audit, legal advice, insurance management, claims handling and litigation services.

Further details of the related party transactions entered into by the Group and the Company and changes therein are included in Note 8 to this half-yearly financial report.

### Strategic review

During the period to 30 June 2017, Northern Powergrid remained focused on delivering activity in support of the achievement of the Northern Powergrid Group's six core principles and underlying strategic objectives.

Core Principle	Strategic Objective	Activity undertaken during the period to 30 June 2017
Financial strength	Effective stewardship of the Company's financial resources, investing in assets and focusing on long-term opportunities, which contribute to the Company's future strength.	<ul style="list-style-type: none"><li>• Retained a grade A credit rating</li><li>• Further detail can be found in the 'results for the year ended 30 June 2017' above</li></ul>
Customer service	Delivering reliability, dependability, fair prices and exceptional service.	<ul style="list-style-type: none"><li>• Implemented initiatives from the Company's customer experience improvement plan to improve the Broad Measure of Customer Satisfaction scores</li><li>• Enhanced the content of written communications and provided a text and email service ahead of planned power cuts</li><li>• Embedded a revised stakeholder improvement strategy</li><li>• Invested in technology to support customer relationship management</li><li>• Further developed services for vulnerable customers</li><li>• Expanded education initiatives to promote safety and energy conservation</li></ul>
Operational excellence	Setting high standards for the Company's operations, system investment and maintenance.	<ul style="list-style-type: none"><li>• Invested significantly in network improvements including innovative technologies</li><li>• Utilised the major incident management procedure at times of adverse weather to minimise disruption to supply</li><li>• Continued to deploy the flood defences</li></ul>

		programme to increase network resilience
Employee commitment	Equipping employees with the resources and support they need to operate successfully and in a safe and rewarding work environment.	<ul style="list-style-type: none"> <li>• Promoted safety in all areas of the business at all times</li> <li>• Completed the telematics installation programme</li> <li>• Supported employees by providing dedicated welfare services</li> <li>• Retained and recruited exceptional talent</li> <li>• Continued to instil the values embedded in the Berkshire Hathaway Energy code of business conduct</li> </ul>
Environmental respect	Using natural resources wisely and protecting the environment where it is impacted by the Company's operations.	<ul style="list-style-type: none"> <li>• Replaced fluid filled cables to reduce environmental damage from oil leaks</li> <li>• Improved the distribution networks impact on the landscape by undergrounding overhead lines</li> <li>• Initiated several new innovation projects in the area of fault detection and domestic energy storage</li> <li>• Actively engaged with stakeholders on the Open Networks Project</li> </ul>
Regulatory integrity	Adhering to a policy of strict compliance with applicable laws, regulations, standards and policies.	<ul style="list-style-type: none"> <li>• Operated without any material regulatory non-compliances</li> <li>• Commenced preparation for the General Data Protection Regulation</li> <li>• Managed risks through regular meetings of the Governance and Risk Management Group</li> </ul>

### Principal risks and uncertainties

Information on 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 2016, 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 2017.

### Going concern

In the Group's latest annual reports and accounts for the year to 31 December 2016 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 2017, which alter the view expressed in the annual reports and accounts to 31 December 2016.

### 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 DTR 4.2.4R for the six months to 30 June 2017;
- (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



P A Jones  
Director

21 September 2017

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS - SIX MONTHS  
ENDED 30 JUNE 2017**

	6 Months ended 30 June 2017 (unaudited) £m	6 Months ended 30 June 2016 (unaudited) £m
Revenue	199.4	190.0
Cost of sales	<u>(22.0)</u>	<u>(20.4)</u>
<b>Gross profit</b>	177.4	169.6
Operating expenses	<u>(86.7)</u>	<u>(75.8)</u>
<b>Operating profit</b>	90.7	93.8
Other gains	0.1	0.4
Finance income	0.5	0.2
Finance costs	<u>(19.8)</u>	<u>(19.4)</u>
<b>Profit before tax</b>	71.5	75.0
Income tax expense	<u>(14.4)</u>	<u>(15.4)</u>
<b>Profit from ordinary activities after tax</b>	<u>57.1</u>	<u>59.6</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
COMPREHENSIVE INCOME - SIX MONTHS ENDED 30 JUNE 2017**

	6 Months ended 30 June 2017 (unaudited) £m	6 Months ended 30 June 2016 (unaudited) £m
<b>PROFIT FOR THE PERIOD</b>	57.1	59.6
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Employee benefit obligation	19.1	15.8
Income tax relating to items of other comprehensive income	<u>(3.2)</u>	<u>(2.9)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	<u>15.9</u>	<u>12.9</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><b>73.0</b></u>	<u><b>72.5</b></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SIX MONTHS ENDED 30 JUNE 2017**

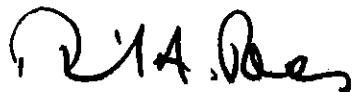
	30 June 2017	31 December 2016
	(unaudited)	
	£m	£m
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	44.5	40.9
Property, plant and equipment	2,442.3	2,322.9
Investments	3.7	3.3
Pension asset	64.2	31.5
Trade and other receivables	10.6	8.4
	<u>2,565.3</u>	<u>2,407.0</u>
<b>CURRENT ASSETS</b>		
Inventories	11.9	12.9
Trade and other receivables	71.4	83.6
Cash and cash equivalents	0.4	0.5
	<u>83.7</u>	<u>97.0</u>
<b>TOTAL ASSETS</b>	<u>2,649.0</u>	<u>2,504.0</u>
<b>EQUITY</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	72.2	72.2
Share premium account	158.7	158.7
Other reserves	6.2	6.2
Retained earnings	810.7	737.7
<b>TOTAL EQUITY</b>	<u>1,047.8</u>	<u>974.8</u>



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SIX MONTHS ENDED 30 JUNE 2017**

	30 June 2017 (unaudited) £m	31 December 2016  £m
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Trade and other payables	577.0	562.3
Borrowings	547.5	587.4
Deferred tax	95.1	89.5
Provisions	1.8	1.8
	<u>1,221.4</u>	<u>1,241.0</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	132.4	129.9
Borrowings	243.4	153.8
Tax payable	3.2	3.8
Provisions	0.8	0.7
	<u>379.8</u>	<u>288.2</u>
<b>TOTAL LIABILITIES</b>	<u>1,601.2</u>	<u>1,529.2</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,649.0</u>	<u>2,504.0</u>

The interim financial statements were approved by the board of directors and authorised for issue on 21 September 2017 and were signed on its behalf by:



P A Jones  
Director

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - SIX MONTHS ENDED 30 JUNE 2017**

	Share Capital £m	Share Premium Account £m	Other Reserves £m	Retained Earnings £m	Total £m
<b>Balance at 1 January 2017</b>	72.2	158.7	6.2	737.7	974.8
Profit for the period (unaudited)	-	-	-	57.1	57.1
Other comprehensive income (unaudited)	-	-	-	15.9	15.9
<b>Balance at 30 June 2017</b>	<u>72.2</u>	<u>158.7</u>	<u>6.2</u>	<u>810.7</u>	<u>1,047.8</u>

	Share Capital £m	Share Premium Account £m	Other Reserves £m	Retained Earnings £m	Total £m
<b>Balance at 1 January 2016</b>	72.2	158.8	6.2	771.5	1,008.7
Profit for the period (unaudited)	-	-	-	59.6	59.6
Other comprehensive income (unaudited)	-	-	-	12.9	12.9
<b>Balance at 30 June 2016</b>	<u>72.2</u>	<u>158.8</u>	<u>6.2</u>	<u>844.0</u>	<u>1,081.2</u>

	Share Capital £m	Share Premium Account £m	Other Reserves £m	Retained Earnings £m	Total £m
<b>Balance at 1 January 2016</b>	72.2	158.7	6.2	771.5	1,008.6
Profit for the year	-	-	-	136.7	136.7
Other comprehensive income	-	-	-	(70.5)	(70.5)
Dividends	-	-	-	(100.0)	(100.0)
<b>Balance at 31 December 2016</b>	<u>72.2</u>	<u>158.7</u>	<u>6.2</u>	<u>737.7</u>	<u>974.8</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months ended 30 June 2017 (unaudited) £m	6 Months ended 30 June 2016 (unaudited) £m
<b>Cash generated from operations</b>	121.8	108.3
Net interest paid	(18.2)	(17.8)
Tax paid	(12.6)	(14.7)
<b>Net cash from operating activities</b>	91.0	75.8
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	0.2	0.2
Purchase of property, plant and equipment	(156.2)	(120.6)
Purchase of intangible assets	(6.0)	(6.1)
Dividends received from joint venture	-	-
Receipt of customer contributions	21.1	26.1
<b>Net cash used in investing activities</b>	(140.9)	(100.4)
<b>Financing activities</b>		
Movement in external loans	-	12.4
Movement in loans from group undertakings	49.8	3.4
<b>Net cash generated by financing activities</b>	49.8	15.8
<b>Net decrease in cash and cash equivalents</b>	(0.1)	(8.8)
<b>Cash and cash equivalents at beginning of period</b>	0.5	8.8
<b>Cash and cash equivalents at end of period</b>	0.4	-

## 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 2016, 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 European Union. 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 European Union.

#### **Going concern**

In the Company's latest annual reports and accounts for the year to 31 December 2016 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 2017, which alter the view expressed in the annual reports and accounts to 31 December 2016.

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

The Group's accounting policies and methods of computation are the same as the accounting policies which are described in the Group's financial statements for the year ended 31 December 2016. The Group has not adopted any new or revised accounting standards in the current year.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 3. SEGMENTAL ANALYSIS

The Group operates in the principal area of activity of the distribution of electricity in the United Kingdom.

There has been no change in the basis of segmentation or in the basis of measurement of segment profit or loss in the period.

The following is an analysis of the Group's revenue and results by reportable segment in the six months ended 30 June 2017 (unaudited):

	Distribution £m	Contracting £m	Other £m	Consolidation Adjustments £m	Total £m
<b>REVENUE</b>					
External sales	164.8	16.0	18.6	-	199.4
Inter-segment sales	0.3	2.6	(0.3)	(2.6)	-
Total Revenue	<u>165.1</u>	<u>18.6</u>	<u>18.3</u>	<u>(2.6)</u>	<u>199.4</u>
<b>SEGMENT RESULTS</b>					
Operating profit	<u>73.6</u>	<u>0.4</u>	<u>4.3</u>	<u>12.4</u>	90.7
Other gains					0.1
Finance income					0.5
Finance costs					<u>(19.8)</u>
Profit before tax					<u>71.5</u>
<b>OTHER INFORMATION</b>					
Capital additions	109.2	-	64.3	(0.5)	173.0
Depreciation and amortisation	40.2	-	9.4	(0.8)	48.8
Amortisation of deferred revenue	<u>10.3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10.3</u>

## 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 2016 (unaudited):

	Distribution £m	Contracting £m	Other £m	Consolidation Adjustments £m	Total £m
<b>REVENUE</b>					
External sales	165.2	14.5	10.3	-	190.0
Inter-segment sales	0.3	0.9	(0.3)	(0.9)	-
Total Revenue	<u>165.5</u>	<u>15.4</u>	<u>10.0</u>	<u>(0.9)</u>	<u>190.0</u>
<b>SEGMENT RESULTS</b>					
Operating profit	<u>77.0</u>	<u>0.1</u>	<u>1.1</u>	<u>15.6</u>	93.8
Other gains					0.4
Finance income					0.2
Finance costs					<u>(19.4)</u>
Profit before tax					<u>75.0</u>
<b>OTHER INFORMATION</b>					
Capital additions	99.1	-	45.1	(1.3)	142.9
Depreciation and amortisation	37.9	-	4.4	(0.9)	41.4
Amortisation of deferred revenue	<u>9.4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9.4</u>

"Other" comprises smart meter rental and business support units.

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

External sales to RWE Npower plc in the six months ended 30 June 2017 represented 20.9% of revenue within the Distribution segment.

External sales to British Gas Ltd in the six months ended 30 June 2017 represented 14.6% of revenue within the Distribution segment.

## 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>	<b>30 June 2017 Unaudited £m</b>	<b>31 December 2016 £m</b>
Distribution	1,717.2	1,674.0
Contracting	7.9	7.7
Other	203.2	154.0
Consolidation Adjustments	<u>(60.1)</u>	<u>(30.3)</u>
Total net assets by segment	1,868.3	1,805.4
Unallocated net corporate liabilities	<u>(820.5)</u>	<u>(830.6)</u>
Total net assets	<u>1,047.8</u>	<u>974.8</u>

Unallocated net corporate liabilities include cash and cash equivalents of £0.4 million (December 2016: £0.5 million), borrowings of £773.1 million (December 2016: £741.3 million), retirement benefit asset of £64.2 million (December 2016: £31.5 million), and taxation of £98.3 million (December 2016: £93.2 million).

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 4. INCOME TAX EXPENSE

Tax for the six month period ended 30 June 2017 is charged at 19.25% (six months ended 30 June 2016: 20.00%; year ended 31 December 2016: 20.00%) 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.

	6 months ended 30 June 2017 Unaudited £m	6 months ended 30 June 2016 Unaudited £m
Current tax	12.0	11.7
Deferred tax	<u>2.4</u>	<u>3.7</u>
Total income tax expense	<u>14.4</u>	<u>15.4</u>

The Finance No2 Act 2015 reduced the rate of corporation tax to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020. The Finance Act 2016, which was substantively enacted on 6 September, 2016 further reduced the rate of corporation tax effective from 1 April 2020 to 17%. Accordingly deferred tax assets and liabilities have been calculated at the tax rates which will be in force when the underlying temporary differences are expected to reverse.



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 5. NOTES TO THE CASH FLOW STATEMENT

	6 Months ended 30 June 2017 (unaudited) £m	6 Months ended 30 June 2016 (unaudited) £m
Profit before income tax	71.6	75.0
Depreciation charges	48.8	41.4
Profit on disposal of fixed assets	(0.1)	(0.2)
Amortisation of deferred revenue	(10.3)	(9.5)
Retirement benefit obligations	(13.7)	(15.9)
Movement in provisions	0.1	(0.2)
Finance costs	19.8	19.4
Finance income	(0.5)	(0.2)
	<u>115.7</u>	<u>109.8</u>
Decrease in inventories	0.9	1.5
Decrease/(increase) in trade and other receivables	9.7	(2.1)
Decrease in trade and other payables	(4.5)	(0.9)
	<u>121.8</u>	<u>108.3</u>
<b>Cash generated from operations</b>	<b>121.8</b>	<b>108.3</b>

### 6. RETIREMENT BENEFIT SCHEMES

The defined benefit obligation as at 30 June 2017 is calculated on a year-to-date basis, using the annual actuarial valuation as at 31 December 2016. The triennial valuation as at 31 March 2016 was finalised in September 2017. 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 2017.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 7. 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 2017 Unaudited £m	31 December 2016 £m	30 June 2017 Unaudited £m	31 December 2016 £m
<b>Financial liabilities</b>				
Inter-company short-term loan	186.7	140.2	186.7	140.2
Bond 2020 – 8.875% (Northern Electric Finance plc)	105.8	101.2	130.8	130.3
Bond 2035 – 5.125% (Northern Electric Finance plc)	149.3	153.0	203.4	207.5
EIB Loan (2018-2020)*	121.0	123.4	126.7	132.6
EIB Loan 2027 – 2.564% (Northern Powergrid (Northeast) Ltd Yorkshire Electricity Group plc 2037 – 5.9%)	121.7	120.1	130.7	128.8
Cumulative preference shares	3.4	3.4	177.8	167.8
	<u>790.9</u>	<u>741.3</u>	<u>1,109.1</u>	<u>1,054.9</u>

\* The borrowings from the European Investment Bank were drawn down in twelve tranches, repayable in 2018, 2019 and 2020. The spread of interest rate is as follows:

2018: 3.901% - 4.283%  
 2019: 4.077% - 4.455%  
 2020: 4.227% - 4.586%

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 8. 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 from related parties £m	Finance income/ (costs) from/(to) related parties £m
<b>Related party</b>					
<i>Six months ended 30 June</i>					
<i>2017:</i>					
Northern Powergrid Limited	-	-	-	-	(3.1)
Northern Powergrid (Yorkshire) plc	10.7	6.2	-	-	-
Vehicle Lease and Service Limited	0.1	2.3	0.3	-	-
Yorkshire Electricity Group plc	-	-	-	102.9	(3.4)
	<u>10.8</u>	<u>8.5</u>	<u>0.3</u>	<u>102.9</u>	<u>(6.5)</u>
<i>Six months ended 30 June</i>					
<i>2016:</i>					
Northern Powergrid Limited	-	-	-	-	(3.1)
Northern Powergrid (Yorkshire) plc	8.4	4.9	-	-	-
Vehicle Lease and Service Limited	0.1	2.2	0.4	-	0.4
Yorkshire Electricity Group plc	-	-	-	102.9	(3.2)
	<u>8.5</u>	<u>7.1</u>	<u>0.4</u>	<u>102.9</u>	<u>(5.9)</u>

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

**8. 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 December</i>					
<i>2016:</i>					
Integrated Utility Services Limited (registered in Eire)	-	1.0	0.2	-	-
Northern Powergrid Gas Limited	0.1	-	-	-	-
Northern Powergrid Insurance Services Limited	-	-	-	-	-
Northern Powergrid Limited	-	-	-	-	(6.2)
Northern Powergrid (Yorkshire) plc	17.7	11.3	-	-	-
Vehicle Lease and Service Limited	0.2	4.4	0.4	-	0.6
Yorkshire Electricity Group plc	-	-	-	(102.9)	(7.1)
	<u>18.0</u>	<u>16.7</u>	<u>0.6</u>	<u>(102.9)</u>	<u>(12.7)</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.

During the six months ended 30 June 2017 two directors (six months ended 30 June 2016: 2, year ended 31 December 2016: 2) utilised the services provided by Northern Transport Finance Limited, a subsidiary company.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

8. 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>2017:</i>				
Integrated Utility Services Limited	-	0.3	-	-
Northern Powergrid Gas Limited	0.1	-	-	-
Northern Powergrid Limited	-	-	-	(3.1)
Northern Powergrid (Northeast) Limited	3.2	-	-	-
Northern Powergrid (Yorkshire) plc	2.0	-	-	-
Vehicle Lease and Service Limited	0.1	-	-	-
Yorkshire Electricity Group plc	-	-	30.1	-
	<u>5.4</u>	<u>0.3</u>	<u>30.1</u>	<u>(3.1)</u>
<i>Six months ended 30 June</i>				
<i>2016:</i>				
Integrated Utility Services Limited	-	0.3	-	-
Northern Powergrid Gas Limited	0.1	-	-	-
Northern Powergrid Limited	-	-	-	(3.1)
Northern Powergrid (Northeast) Limited	3.2	-	-	-
Northern Powergrid (Yorkshire) plc	2.5	-	-	-
Vehicle Lease and Service Limited	0.1	-	-	-
Yorkshire Electricity Group plc	-	-	27.0	-
	<u>5.9</u>	<u>0.3</u>	<u>27.0</u>	<u>(3.1)</u>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 8. 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>2016:</i>					
Integrated Utility Services Limited	0.1	0.6	-	-	-
Northern Powergrid Gas Limited	0.1	-	-	-	-
Northern Powergrid Limited	-	-	-	-	(6.3)
Northern Powergrid (Northeast) Limited	5.7	-	-	-	21.8
Northern Powergrid (Yorkshire) plc	4.9	-	-	-	-
Vehicle Lease and Service Limited	0.1	-	-	-	0.5
Yorkshire Electricity Group plc	-	-	-	62.2	-
	<u>10.9</u>	<u>0.6</u>	<u>-</u>	<u>62.2</u>	<u>16.0</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.