

NORTHERN ELECTRIC plc

HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2020

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 group of companies (the “Northern Powergrid Group”) and its principal activity during the six months to 30 June 2020 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 smart meters to energy suppliers.

Results for the six months ended 30 June 2020

During the period ended 30 June 2020, the Group made a profit after tax of £43.8 million; this was £14.1 million lower than the 6 months ended 30 June 2019 and was mainly as a result of the impact of change in tax legislation and higher operating expenses partially offset by higher revenues.

IUS continued to operate its engineering contracting business but revenues were lower than the six months ended 30 June 2019.

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 £219.7 million was £2.0 million higher than for the six months ended 30 June 2019 mainly due to higher smart meter rental and distribution revenue, offset by lower IUS revenues.

Cash flow

Cash and cash equivalents as at 30 June 2020 were £118.7 million, representing an increase of £96.0 million when compared with the position at 31 December 2019.

Northern Powergrid has access to £75.0 million under a three-year committed revolving credit facility provided by Lloyds Bank plc, National Westminster Bank plc and Santander UK plc, which is due to expire in October 2022, with two one year options to extend.

In addition, the Group has access to short-term borrowing facilities provided by Yorkshire Electricity Group plc, a related party, and to a £22.0 million overdraft facility provided by Lloyds Bank plc.

Dividends

No ordinary dividends were paid in the period resulting in £43.8 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 8 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 2019, 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 2020.

Going concern

In the Group's latest annual reports and accounts for the year to 31 December 2019 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 2020, which alter the view expressed in the annual reports and accounts to 31 December 2019.

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 2020;
- (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



T E Fielden
Director

10 September 2020

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS - SIX MONTHS
ENDED 30 JUNE 2020**

	6 Months ended 30 June 2020 (unaudited) £m	6 Months ended 30 June 2019 (unaudited) (Restated) £m
Revenue	219.7	217.7
Cost of sales	(14.6)	(18.8)
Gross profit	205.1	198.9
Operating expenses	(114.3)	(106.0)
Operating profit	90.8	92.9
Other gains	(0.5)	0.4
Finance income	0.6	0.8
Finance costs	(23.4)	(23.2)
Profit before tax	67.5	70.9
Income tax expense	(23.7)	(13.0)
Profit from ordinary activities after tax	43.8	57.9

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
COMPREHENSIVE INCOME - SIX MONTHS ENDED 30 JUNE 2020**

	6 Months ended 30 June 2020 (unaudited) £m	6 Months ended 30 June 2019 (unaudited) £m
PROFIT FOR THE PERIOD	43.8	57.9
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Employee benefit obligation	26.7	19.5
Income tax relating to items of other comprehensive income	(5.1)	(3.3)
	<u>21.6</u>	<u>16.2</u>
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedge	(2.9)	(2.3)
Income tax relating to items of other comprehensive income	0.5	0.4
	<u>(2.4)</u>	<u>(1.9)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>19.2</u>	<u>14.3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>63.0</u>	<u>72.2</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SIX MONTHS ENDED 30 JUNE 2020

	30 June 2020 (unaudited) £m	31 December 2019 £m	30 June 2019 (unaudited) (Restated) £m
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	57.2	52.3	53.5
Property, plant and equipment	2,836.2	2,806.1	2,751.9
Right of use asset	10.7	9.2	8.4
Investments	3.9	3.5	3.9
Pension asset	132.0	93.4	116.4
Trade and other receivables	7.4	7.7	5.6
	<u>3,047.4</u>	<u>2,972.2</u>	<u>2,939.7</u>
CURRENT ASSETS			
Inventories	19.2	20.2	17.8
Trade and other receivables	73.8	84.7	79.0
Contract assets	5.2	8.1	6.9
Tax receivable	5.5	-	-
Cash and cash equivalents	118.7	22.7	32.9
Restricted cash	13.9	13.9	13.8
	<u>236.3</u>	<u>149.6</u>	<u>150.4</u>
TOTAL ASSETS	<u>3,283.7</u>	<u>3,121.8</u>	<u>3,090.1</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	72.2	72.2	72.2
Share premium account	158.7	158.7	158.7
Hedging reserves	(3.5)	(1.1)	(1.1)
Other reserves	6.2	6.2	6.2
Retained earnings	1,066.2	1,000.8	1,005.5
TOTAL EQUITY	<u>1,299.8</u>	<u>1,236.8</u>	<u>1,241.5</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SIX MONTHS ENDED 30 JUNE 2020

	30 June 2020 (unaudited) £m	31 December 2019 £m	30 June 2019 (unaudited) (Restated)
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred revenue	639.1	637.7	630.2
Borrowings	934.5	652.3	765.8
Lease liability	8.3	7.0	6.7
Derivative liability	3.6	1.1	1.1
Deferred tax	116.4	98.5	98.3
Provisions	1.9	1.8	1.4
	<u>1,703.8</u>	<u>1,398.4</u>	<u>1,503.5</u>
CURRENT LIABILITIES			
Trade and other payables	110.4	105.0	115.9
Deferred revenue	27.2	26.3	26.0
Borrowings	137.9	346.5	194.7
Lease liability	2.6	2.3	2.1
Derivative liability	0.6	0.2	0.3
Tax payable	-	5.1	4.7
Provisions	1.4	1.2	1.4
	<u>280.1</u>	<u>486.6</u>	<u>345.1</u>
TOTAL LIABILITIES	<u>1,983.9</u>	<u>1,885.0</u>	<u>1,848.6</u>
TOTAL EQUITY AND LIABILITIES	<u>3,283.7</u>	<u>3,121.8</u>	<u>3,090.1</u>

The interim financial statements were approved by the board of directors and authorised for issue on 10 September 2020 and were signed on its behalf by:



T E Fielden
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - SIX MONTHS ENDED 30 JUNE 2020

	Share Capital £m	Share Premium Account £m	Other Reserves £m	Hedging Reserves £m	Retained Earnings £m	Total £m
Balance at 1 January 2020	72.2	158.7	6.2	(1.1)	1,000.8	1,236.8
Profit for the period (unaudited)	-	-	-	-	43.8	43.8
Other comprehensive income (unaudited)	-	-	-	(2.4)	21.6	19.2
Balance at 30 June 2020	72.2	158.7	6.2	(3.5)	1,066.2	1,299.8
	Share Capital £m	Share Premium Account £m	Other Reserves £m	Hedging Reserves £m	Retained Earnings £m	Total £m
Balance at 1 January 2019	72.2	158.7	6.2	0.8	931.4	1,169.3
Profit for the period (unaudited)	-	-	-	-	57.9	57.9
Other comprehensive income (unaudited)	-	-	-	(1.9)	16.2	14.3
Balance at 30 June 2019	72.2	158.7	6.2	(1.1)	1,005.5	1,241.5
	Share Capital £m	Share Premium Account £m	Other Reserves £m	Hedging Reserves £m	Retained Earnings £m	Total £m
Balance at 1 January 2019	72.2	158.7	6.2	0.8	931.4	1,169.3
Profit for the period	-	-	-	-	113.8	113.8
Dividends	-	-	-	-	-	-
Other comprehensive income	-	-	-	1.9	(19.8)	(21.7)
Dividends	-	-	-	-	(24.6)	(24.6)
Balance at 31 December 2019	72.2	158.7	6.2	(1.1)	1,000.8	1,236.8

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months ended 30 June 2020 (unaudited) £m	6 Months ended 30 June 2019 (unaudited) (Restated) £m
Cash flows from operating activities		
Profit for the year	43.8	57.9
Depreciation and amortisation	67.6	65.5
Amortisation of deferred revenue	(13.2)	(12.7)
Profit on disposal of property, plant and equipment	0.5	(0.4)
Retirement benefit obligation	(15.3)	(14.3)
Finance income	(0.6)	(0.8)
Finance costs	23.4	23.2
Income tax expense	23.7	13.0
	<hr/> 129.9	<hr/> 131.4
Decrease/(increase) in inventories	1.0	(4.4)
Decrease/(increase) in trade and other receivables	10.9	(0.9)
Decrease/(increase) in contract assets	2.9	(0.9)
Increase in trade and other payables	5.4	5.5
Decrease in provisions	(0.3)	-
	<hr/> 149.8	<hr/> 130.7
Cash generated from operations	149.8	130.7
Net interest paid	(20.7)	(21.6)
Tax paid	(20.9)	(8.4)
	<hr/>	<hr/>
Net cash from operating activities	108.2	100.7
	<hr/>	<hr/>
Investing activities		
Proceeds from disposal of property, plant and equipment	(0.5)	0.4
Purchase of property, plant and equipment	(92.0)	(102.2)
Purchase of intangible assets	(10.1)	(6.3)
Receipt of customer contributions	20.0	20.7
	<hr/>	<hr/>
Net cash used in investing activities	(82.6)	(87.4)
	<hr/>	<hr/>
Financing activities		
Issue of long-term borrowings	294.4	147.4
Repayment of long-term borrowings	(53.8)	(52.7)
Repayment of short-term borrowings	-	(44.5)
Movement in loans from group undertakings	(169.0)	(58.7)
Lease payment	(1.2)	
	<hr/>	<hr/>
Net cash generated by/(used in) financing activities	70.4	(8.5)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	96.0	4.8
	<hr/>	<hr/>
Cash and cash equivalents at beginning of period	22.7	28.1
	<hr/>	<hr/>
Cash and cash equivalents at end of period	118.7	32.9
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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 2019, 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 2019 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 2020, which alter the view expressed in the annual reports and accounts to 31 December 2019.

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 2019, with the only changes being outlined below.

Application of new and revised IFRS

In the current year, the company has a number of amendments to IFRS by the International Accounting standards Board ("IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2020:

None of the standards, interpretations and amendments which are effective for periods beginning 1 January 2020 has had a material effect on the financial statements:

- Amendments to IFRS 3- Definition of a Business;
- Amendments to IAS 1 and IAS 8- Definition of Material;
- Amendments to References to the Conceptual Framework in IFRS Standards; and
- Amendments to IFRS 9 Financial instruments- Hedging

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

3. PRIOR PERIOD ADJUSTMENTS

Adopted assets and intangible assets

The Financial Statements have been restated to incorporate the impact of under reporting of the value of distributions network assets adopted from other parties and the reclassification of IT software assets from property, plant and machinery to intangible assets.

Distribution network assets are on occasions constructed by other parties who then transfer them to the Group. At the date of transfer the value of property, plant and equipment is increased with an equal increase in the value of deferred revenue. The assets are depreciated in line with the depreciation policy for those assets with a similar amortisation of the deferred revenue. It was discovered during late 2019 that not all adopted assets had been captured in the Financial Statements. A new process has been introduced during the 6 month period to June 2020.

In previous years certain operational IT software assets had been included in property plant and equipment rather than intangible assets.

These had no impact on prior years' profits or net assets, however impacted the constituent parts of the previously reported figures in the Income Statement, the Statement of Financial Position and Statement of Cash Flows as shown below.

Statement of Profit or Loss:

	June 2019 (unaudited) £m
Revenue	1.2
Operating expenses	<u>(1.2)</u>
Profit for the year	<u>-</u>

Statement of Financial Position:

	June 2019 (unaudited) £m
Property, plant and equipment	30.1
Intangibles	1.4
Deferred revenue non-current	(28.9)
Deferred revenue current	<u>(2.6)</u>
Total equity and liabilities	<u>-</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

3. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

Statement of Cash Flows:

	June 2019 (unaudited) £m
Depreciation and amortisation	1.2
Amortisation of deferred revenue	<u>(1.2)</u>
Cash flows from operating activities	<u>-</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

4. 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 2020 (unaudited):

	Distribution £m	Contracting £m	Metering £m	Other £m	Consolidation Adjustments £m	Total £m
REVENUE						
External sales	172.8	8.3	36.6	2.0	-	219.7
Inter-segment sales	0.2	2.2	-	1.3	(3.7)	-
Total Revenue	173.0	10.5	36.6	3.3	(3.7)	219.7
SEGMENT RESULTS						
Operating profit/(loss)	59.2	(0.7)	14.5	1.1	16.7	90.8
Other gains						(0.5)
Finance income						0.6
Finance costs						(23.4)
Profit before tax						67.5
OTHER INFORMATION						
Capital additions	113.1	0.1	9.3	-	0.5	123.0
Depreciation and amortisation	48.3	0.1	20.1	-	(0.9)	67.6
Amortisation of deferred revenue	(13.2)	-	-	-	-	(13.2)

External sales to RWE Npower plc in the six months ended 30 June 2020 represented 14.52% of revenue within the Distribution segment.

External sales to British Gas Ltd in the six months ended 30 June 2020 represented 11.31% of revenue within the Distribution segment.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

4. 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 2019 (unaudited) (Restated):

	Distribution £m	Contracting £m	Metering £m	Other £m	Consolidation Adjustments £m	Total £m
REVENUE						
External sales	169.8	12.1	33.7	2.1	-	217.7
Inter-segment sales	0.2	2.6	-	(0.2)	(2.6)	-
Total Revenue	170.0	14.7	33.7	1.9	(2.6)	217.7
SEGMENT RESULTS						
Operating profit	61.7	0.3	13.8	(1.7)	18.8	92.9
Other gains						0.4
Finance income						0.8
Finance costs						(23.2)
Profit before tax						70.9
OTHER INFORMATION						
Capital additions	91.3	0.1	12.6	-	(0.2)	103.8
Depreciation and amortisation	46.2	-	19.0	-	(0.9)	64.3
Amortisation of deferred revenue	(12.7)	-	-	-	-	(12.7)

External sales to RWE Npower plc in the six months ended 30 June 2019 represented 17.6% of revenue within the Distribution segment.

External sales to British Gas Ltd in the six months ended 30 June 2019 represented 11.2% 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)

4. 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.

Segment net assets	30 June 2020 Unaudited £m	31 December 2019 £m
Distribution	1,978.9	1,847.6
Contracting	3.8	3.6
Metering	173.6	182.7
Other	(58.4)	15.1
	<hr/>	<hr/>
Total net assets by segment	2,105.3	2,048.7
Unallocated net corporate liabilities	(805.5)	(811.8)
	<hr/>	<hr/>
Total net assets	<u>1,299.8</u>	<u>1,236.8</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

5. INCOME TAX EXPENSE

Tax for the six month period ended 30 June 2020 is charged at 19.7% (six months ended 30 June 2019: 18.3%) 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. However, due to the tax rate change discussed below, the effective tax rate for the six month period to June 2020 is 35.2%.

	6 months ended 30 June 2020 Unaudited £m	6 months ended 30 June 2019 Unaudited £m
Current tax	10.3	10.0
Deferred tax	<u>13.4</u>	<u>3.0</u>
Total income tax expense	<u>23.7</u>	<u>13.0</u>

Finance Bill 2016 included provisions to reduce the main rate of corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the cut in the rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. This was substantively enacted through the Provisional Collection of Taxes Act on 17 March 2020. This has led to a one off deferred tax adjustment of £10.9m which is included within the £13.4 deferred tax charge in the income statement.

6. RETIREMENT BENEFIT SCHEMES

The defined benefit obligation as at 30 June 2020 is calculated on a year-to-date basis, using the annual actuarial valuation as at 31 December 2019. The triennial valuation as at 31 March 2016 was finalised in September 2018. The valuation at 31 March 2019 is to be 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 2020.

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 2020 Unaudited £m	31 December 2019 £m	30 June 2020 Unaudited £m	31 December 2019 £m
Financial liabilities				
Inter-company short-term loan	-	169.1	-	169.1
Bond 2020 – 8.875% (Northern Electric Finance plc)	106.2	101.7	106.2	101.7
Bond 2035 – 5.125% (Northern Electric Finance plc)	149.2	153.2	217.0	213.5
Bond 2049 – 2.750% (Northern Electric Finance plc)	147.9	149.9	183.0	163.5
Bond 2062 – 1.875% (Northern Powergrid (Northeast) plc)	294.6	-	304.2	-
Amortising loan 2026- 2.595% EIB Loan (2019-2020)*	146.5	160.9	146.2	162.3
	-	40.5		40.5
EIB Loan 2027 – 2.564% (Northern Powergrid (Northeast) Ltd Yorkshire Electricity Group plc)	121.7	120.1	132.4	128.8
2037 – 5.9%	102.9	100.0	164.1	155.2
Cumulative preference shares	3.4	3.4	172.0	158.0
	<u>1,072.4</u>	<u>998.8</u>	<u>1,425.1</u>	<u>1,292.6</u>

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

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
Related party					
<i>Six months ended 30 June</i>					
<i>2020:</i>					
Northern Powergrid Limited	-	-	-	-	(3.1)
Northern Powergrid (Yorkshire) plc	10.4	6.2	-	-	-
Vehicle Lease and Service Limited	0.1	3.0	-	-	-
Northern Powergrid Holding Company	-	-	-	102.9	(2.9)
Yorkshire Electricity Group plc	-	-	-	-	(0.7)
	<u>10.5</u>	<u>9.2</u>	<u>-</u>	<u>102.9</u>	<u>(6.0)</u>
<i>Six months ended 30 June</i>					
<i>2019:</i>					
Northern Powergrid Limited	-	-	-	-	(3.1)
Northern Powergrid (Yorkshire) plc	11.6	6.3	-	-	-
Vehicle Lease and Service Limited	0.1	2.4	-	-	-
Northern Powergrid Holding Company	-	-	-	102.8	(2.9)
Yorkshire Electricity Group plc	-	-	-	119.7	(1.2)
	<u>11.7</u>	<u>8.7</u>	<u>-</u>	<u>222.5</u>	<u>(4.3)</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 from related parties £m	Finance income/ (costs) from/(to) related parties £m
Related party					
<i>Year ended 31</i>					
<i>December 2019:</i>					
Integrated Utility Services Limited (registered in Eire)	2.5	6.1	-	-	-
Northern Powergrid Gas Limited	0.1	-	-	-	-
Northern Powergrid Limited	-	-	-	-	(6.2)
Northern Powergrid (Yorkshire) plc	25.9	11.3	-	-	-
Vehicle Lease and Service Limited	-	4.9	-	-	0.7
Northern Powergrid Holding Company	-	-	-	100.0	(5.9)
Yorkshire Electricity Group plc	-	-	-	169.0	(2.2)
	<u>28.6</u>	<u>22.2</u>	<u>-</u>	<u>169.0</u>	<u>(13.6)</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)

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 from related parties £m	Finance income/ (costs) from/(to) related parties £m
Related party				
<i>Six months ended 30 June</i>				
<i>2019:</i>				
Integrated Utility Services Limited	0.2	-	-	-
Northern Powergrid Gas Limited	-	-	-	-
Northern Powergrid Limited	-	-	-	(3.1)
Northern Powergrid (Northeast) plc	2.5	-	-	-
Northern Powergrid (Yorkshire) plc	1.3	-	-	-
Vehicle Lease and Service Limited	0.1	-	-	-
Yorkshire Electricity Group plc	-	-	25.5	0.2
	<u>4.1</u>	<u>-</u>	<u>25.5</u>	<u>(2.9)</u>
<i>Six months ended 30 June</i>				
<i>2018:</i>				
Integrated Utility Services Limited	-	0.2	-	-
Northern Powergrid Gas Limited	0.1	-	-	-
Northern Powergrid Limited	-	-	-	(3.1)
Northern Powergrid (Northeast) plc	3.0	-	-	-
Northern Powergrid (Yorkshire) plc	1.8	-	-	-
Vehicle Lease and Service Limited	0.1	-	-	-
Yorkshire Electricity Group plc	-	-	31.2	0.3
	<u>5.4</u>	<u>0.2</u>	<u>31.2</u>	<u>(2.8)</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 from related parties £m	Finance income/ (costs) from/(to) related parties £m
Related party					
<i>Year ended 31 December</i>					
<i>2019:</i>					
Integrated Utility Services Limited	-	-	-	-	-
Northern Powergrid Gas Limited	0.1	-	-	-	-
Northern Powergrid Limited	-	-	-	-	(6.3)
Northern Powergrid (Northeast) plc	-	-	-	-	24.6
Northern Powergrid (Yorkshire) plc	2.5	-	-	-	-
Vehicle Lease and Service Limited	-	-	-	-	0.7
Northern Electric & Gas Limited	-	-	-	-	-
Yorkshire Electricity Group plc	-	-	-	36.2	(0.2)
	<u>6.9</u>	<u>-</u>	<u>-</u>	<u>36.2</u>	<u>18.9</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.