

NORTHERN ELECTRIC plc

HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 2021 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 2021

During the period ended 30 June 2021, the Group made a profit after tax of £25.2 million; this was £18.6 million lower than the 6 months ended 30 June 2020 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 with revenues being higher than the 6 months ended 30 June 2020.

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 £236.4 million was £16.7 million higher than for the six months ended 30 June 2020 mainly due to higher distribution revenue due to higher tariffs and the larger impact of COVID-19 during last year’s period as well as increased engineering contracting revenues within IUS.

Cash flow

Cash and cash equivalents as at 30 June 2021 were £10.3 million, representing a decrease of £11.6 million when compared with the position at 31 December 2020. This compares with an increase of £96.0 million in the comparative six month period, primarily due to higher financing undertaken in the prior period and higher net capital expenditure offset by higher operating cash inflows.

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 2023, with a one year option 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 £25.2 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 2020, 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 2021.

Going concern

In the Group's latest annual reports and accounts for the year to 31 December 2020 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 2021, which alter the view expressed in the annual reports and accounts to 31 December 2020.

Future strategy and objectives

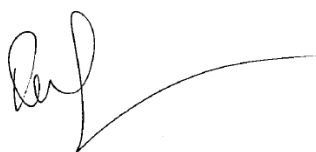
The Company will continue to develop its business as a holding company in a manner that concentrates on the Group's principal activities of electricity distribution, engineering contracting and the rental of meters to energy suppliers.

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 2021;
- (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 H France
Director

16 September 2021

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS - SIX MONTHS
ENDED 30 JUNE 2021**

	6 Months ended 30 June 2021 (unaudited)	6 Months ended 30 June 2020 (unaudited)
	£m	£m
Revenue	236.4	219.7
Cost of sales	<u>(16.8)</u>	<u>(14.6)</u>
Gross profit	219.6	205.1
Operating expenses	<u>(120.4)</u>	<u>(114.3)</u>
Operating profit	99.2	90.8
Other gains	0.3	(0.5)
Finance income	0.7	0.6
Finance costs	<u>(20.7)</u>	<u>(23.4)</u>
Profit before tax	79.5	67.5
Income tax expense	<u>(54.3)</u>	<u>(23.7)</u>
Profit from ordinary activities after tax	<u>25.2</u>	<u>43.8</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
COMPREHENSIVE INCOME - SIX MONTHS ENDED 30 JUNE 2021**

	6 Months ended 30 June 2021 (unaudited) £m	6 Months ended 30 June 2020 (unaudited) £m
PROFIT FOR THE PERIOD	25.2	43.8
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Employee benefit obligation	28.9	26.7
Income tax relating to items of other comprehensive income	(5.5)	(5.1)
	<u>23.4</u>	<u>21.6</u>
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedge	1.8	(2.9)
Income tax relating to items of other comprehensive income	(0.2)	0.5
	<u>1.6</u>	<u>(2.4)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>25.0</u>	<u>19.2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>50.2</u>	<u>63.0</u>


CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SIX MONTHS ENDED 30 JUNE 2021

	30 June 2021 (unaudited) £m	31 December 2020 £m
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	50.9	51.2
Property, plant and equipment	2,941.9	2,889.7
Right of use asset	14.8	14.0
Investments	4.1	3.6
Pension asset	124.8	88.1
Trade and other receivables	3.9	4.6
	<u>3,140.4</u>	<u>3,051.2</u>
CURRENT ASSETS		
Inventories	19.2	18.7
Trade and other receivables	73.3	82.5
Contract assets	7.2	6.2
Tax receivable	-	-
Cash and cash equivalents	10.3	21.9
Restricted cash	16.8	16.8
	<u>126.8</u>	<u>146.1</u>
TOTAL ASSETS	<u>3,267.2</u>	<u>3,197.3</u>
EQUITY		
SHAREHOLDERS' EQUITY		
Share capital	72.2	72.2
Share premium account	158.7	158.7
Hedging reserves	(1.5)	(3.1)
Other reserves	6.2	6.2
Retained earnings	1,094.8	1,046.2
TOTAL EQUITY	<u>1,330.4</u>	<u>1,280.2</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SIX MONTHS ENDED 30 JUNE 2021

	30 June 2021 (unaudited) £m	31 December 2020 £m
LIABILITIES		
NON-CURRENT LIABILITIES		
Deferred revenue	644.3	641.7
Borrowings	931.7	946.2
Lease liability	11.9	11.3
Derivative liability	1.7	3.2
Deferred tax	152.3	106.9
Provisions	2.7	2.7
	<u>1,744.6</u>	<u>1,712.0</u>
CURRENT LIABILITIES		
Trade and other payables	93.1	94.0
Deferred revenue	28.2	27.6
Borrowings	65.6	77.1
Lease liability	3.3	3.0
Derivative liability	0.3	0.6
Tax payable	0.2	1.3
Provisions	1.5	1.5
	<u>192.2</u>	<u>205.1</u>
TOTAL LIABILITIES	<u>1,936.8</u>	<u>1,917.1</u>
TOTAL EQUITY AND LIABILITIES	<u>3,267.2</u>	<u>3,197.3</u>

The interim financial statements were approved by the board of directors and authorised for issue on 16 September 2021 and were signed on its behalf by:



T H France
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - SIX MONTHS ENDED 30 JUNE 2021

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

	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)	1,008.8	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 2020	72.2	158.7	6.2	(1.1)	1,008.8	1,236.8
Profit for the period	-	-	-	-	99.1	99.1
Dividends	-	-	-	-	-	-
Other comprehensive income	-	-	-	(2.0)	(28.3)	(30.3)
Dividends	-	-	-	-	(25.4)	(25.4)
Balance at 31 December 2020	72.2	158.7	6.2	(3.1)	1,046.2	1,280.2

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months ended 30 June 2021 (unaudited) £m	6 Months ended 30 June 2020 (unaudited) (Restated) £m
Cash flows from operating activities		
Profit for the year	25.2	43.8
Depreciation and amortisation	72.4	67.6
Amortisation of deferred revenue	(13.8)	(13.2)
Profit on disposal of property, plant and equipment	(0.3)	0.5
Retirement benefit obligation	(7.7)	(15.3)
Finance income	(0.7)	(0.6)
Finance costs	20.7	23.4
Income tax expense	54.3	23.7
	<hr/> 150.1	<hr/> 129.9
(Increase)/decrease in inventories	(0.5)	1.0
Decrease in trade and other receivables	9.2	10.9
(Increase)/decrease in contract assets	(1.0)	2.9
(Decrease)/increase in trade and other payables	(4.7)	5.4
Decrease in provisions	-	(0.3)
	<hr/> 153.1	<hr/> 149.8
Cash generated from operations	153.1	149.8
Net interest paid	(19.0)	(20.7)
Tax paid	(15.7)	(20.9)
	<hr/> (118.4)	<hr/> (108.2)
Net cash from operating activities	<hr/> 118.4	<hr/> 108.2
Investing activities		
Proceeds from disposal of property, plant and equipment	0.3	(0.5)
Purchase of property, plant and equipment	(113.7)	(92.0)
Purchase of intangible assets	(4.7)	(10.1)
Receipt of customer contributions	17.0	20.0
	<hr/> (101.1)	<hr/> (82.6)
Net cash used in investing activities	<hr/> (101.1)	<hr/> (82.6)
Financing activities		
Issue of long-term borrowings	-	294.4
Repayment of long-term borrowings	(14.5)	(53.8)
Repayment of short-term borrowings	-	-
Movement in loans from group undertakings	(12.5)	(169.0)
Lease payment	(1.9)	(1.2)
	<hr/> (28.9)	<hr/> 70.4
Net cash (used in)/generated by financing activities	<hr/> (28.9)	<hr/> 70.4
Net (decrease)/increase in cash and cash equivalents	<hr/> (11.6)	<hr/> 96.0
Cash and cash equivalents at beginning of period	<hr/> 21.9	<hr/> 22.7
Cash and cash equivalents at end of period	<hr/> 10.3	<hr/> 118.7

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 2020, 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 Company’s latest annual reports and accounts for the year to 31 December 2020 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 2021, which alter the view expressed in the annual reports and accounts to 31 December 2020.

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 2020, 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 IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2021:

None of the standards, interpretations and amendments which are effective for periods beginning 1 January 2021 has had a material effect on the financial statements:

- Amendments to IFRS 16 – COVID 19 related rent concessions;
- Amendments to IAS 1 – Presentation of financial statements; and
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark reform.

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 2021 (unaudited):

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

External sales to E.ON plc 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.

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 2020 (unaudited) (Restated):

	Distribution £m	Contracting £m	Metering £m	Other £m	Total £m
REVENUE					
External sales	172.8	8.3	36.6	2.0	219.7
Inter-segment sales	0.2	2.2	-	(2.4)	-
Total Revenue	173.0	10.5	36.6	(0.4)	219.7
SEGMENT RESULTS					
Operating profit	59.2	(0.7)	14.5	17.8	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.

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.

Segment net assets	30 June 2021 Unaudited £m	31 December 2020 £m
Distribution	1,991.6	1,956.9
Contracting	3.7	4.1
Metering	159.5	155.1
Other	<u>39.9</u>	<u>8.4</u>
Total net assets by segment	2,194.7	2,124.5
Unallocated net corporate liabilities	<u>(864.3)</u>	<u>(844.3)</u>
Total net assets	<u><u>1,330.4</u></u>	<u><u>1,280.2</u></u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

4. INCOME TAX EXPENSE

Tax for the six month period ended 30 June 2021 is charged at 19.7% (six months ended 30 June 2020: 19.7%) 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 2021 is 68.3%.

	6 months ended 30 June 2021 Unaudited £m	6 months ended 30 June 2019 Unaudited £m
Current tax	14.6	10.3
Deferred tax	<u>39.7</u>	<u>13.4</u>
Total income tax expense	<u>54.3</u>	<u>23.7</u>

Finance Bill 2020 was enacted in July 2020 and as a result, the rate of corporation tax has been held at 19% as the Finance Bill 2020 effectively removed the proposed reduction to 17% which was included within Finance Bill 2016.

In the In addition, the March 2021 Budget announced that the corporation tax rate will increase from 19% to 25% from 1 April 2023. This increase in tax rate was included within Finance Bill 2021 which was substantively enacted on 24 May 2021 and received Royal Assent on 10 June 2021. As a result, deferred tax balances have been re-measured at the 25% rate and this remeasurement has given rise to an increased deferred tax liability of 38.6m which is reflected within the above tax charge.

5. RETIREMENT BENEFIT SCHEMES

The defined benefit obligation as at 30 June 2021 is calculated on a year-to-date basis, using the annual actuarial valuation as at 31 December 2020. 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 2021.

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 2021 Unaudited £m	31 December 2020 £m	30 June 2021 Unaudited £m	31 December 2020 £m
Financial liabilities				
Short-term loan	5.0	-	5.0	-
Inter-company short-term loan	22.9	35.4	22.9	35.4
Bond 2035 – 5.125% (Northern Electric Finance plc)	149.3	153.3	204.3	225.3
Bond 2049 – 2.750% (Northern Electric Finance plc)	147.9	150.0	171.9	194.1
Bond 2062 – 1.875% (Northern Powergrid (Northeast) plc)	294.7	297.5	283.0	338.4
Amortising loan 2026 – 2.9670%*	122.3	133.9	123.7	135.4
Amortising loan 2026- 2.0779%**	27.2	29.7	27.3	30.0
EIB Loan 2027 – 2.564% (Northern Powergrid (Northeast) plc)	121.7	120.1	131.5	134.4
Northern Powergrid Holding Company 2037 – 5.9%	102.9	100.0	153.7	164.7
Cumulative preference shares	3.4	3.4	180.9	192.1
	<u>997.3</u>	<u>1,023.3</u>	<u>1,296.3</u>	<u>1,449.8</u>

*2026 £124m Amortising Loan is 90% swapped at a fixed rate of 3.0682%, with the remaining 10% floating at 3 month LIBOR plus 2.00%.

**2026 £ 27m Amortising Loan is a Floating rate loan at 3 month LIBOR plus 2.00%.

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 from related parties £m	Finance income/ (costs) from/(to) related parties £m
Related party					
<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>
<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>(6.7)</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 from related parties £m	Finance income/ (costs) from/(to) related parties £m
Related party					
<i>Year ended 31</i>					
<i>December 2020:</i>					
Integrated Utility Services Limited (registered in Eire)	2.2	4.8	-	-	-
Northern Powergrid Gas Limited	-	-	-	-	-
Northern Powergrid Limited	-	-	-	-	(6.2)
Northern Powergrid (Yorkshire) plc	27.2	10.6	-	-	-
Vehicle Lease and Service Limited	-	4.9	-	-	0.9
Northern Powergrid Holding Company	-	-	-	100.0	(5.9)
Yorkshire Electricity Group plc	-	-	-	35.4	(0.8)
	<u>29.4</u>	<u>20.3</u>	<u>-</u>	<u>135.4</u>	<u>(12.0)</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.

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
Related party				
<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>
<i>Six months ended 30 June</i>				
<i>2020:</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>

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
Related party					
<i>Year ended 31 December</i>					
<i>2020:</i>					
Integrated Utility Services Limited	-	-	-	-	-
Northern Powergrid Gas Limited	0.2	-	-	-	-
Northern Powergrid Limited	-	-	-	-	(6.2)
Northern Powergrid (Northeast) plc	5.0	-	-	-	25.4
Northern Powergrid (Yorkshire) plc	2.5	-	-	-	-
Vehicle Lease and Service Limited	-	-	-	-	0.9
Northern Electric & Gas Limited	-	-	-	-	-
Yorkshire Electricity Group plc	-	-	-	(38.1)	0.1
	<u>7.7</u>	<u>-</u>	<u>-</u>	<u>(38.1)</u>	<u>20.2</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.