

**NORTHERN ELECTRIC FINANCE plc**  
**HALF-YEARLY FINANCIAL REPORT FOR THE**  
**SIX MONTHS ENDED 30 JUNE 2024**

# **Northern Electric Finance plc**

## **INTERIM MANAGEMENT REPORT**

### **Cautionary Statement**

This interim management report has been prepared solely to provide additional information to shareholders to assess the business of Northern Electric Finance plc (the “Company”) 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 is a subsidiary of Northern Powergrid (Northeast) plc. The Company’s principal activity during the six months to 30 June 2024 was to act as the issuer of long-term bonds.

### **Results for the six months ended 30 June 2024**

During the period ended 30 June 2024, the Company was in a break-even position (period ended 30 June 2023: break-even position).

### **Income statement**

Finance income and costs were in line with the same period as prior year due to the interest rates remaining consistent.

### **Cash flow**

Cash equivalents as at 30 June 2024 were £1.6 million lower than the position at 31 December 2023 due to interest paid, offset by movements in intercompany loans.

### **Financial position**

Net assets as at 30 June 2024 were in line with the position at 31 December 2023.

### **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 such that reserves were unchanged.

### **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](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 2024.

### **Going concern**

In the Company’s latest annual reports 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.

**Northern Electric Finance plc**  
**INTERIM MANAGEMENT REPORT**

**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, 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 as required by Disclosure and Transparency Rules (“DTR”) 4.2.4R for the six months to 30 June 2024; and
- (b) the interim management report contains a fair review of the information required by DTR 4.2.7R.

By order of the board



A P Jones  
Director

September 23, 2024

**Northern Electric Finance plc****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
<b>CONTINUING OPERATIONS</b>		
Finance income	6.2	6.2
Finance costs	<u>(6.2)</u>	<u>(6.2)</u>
<b>PROFIT BEFORE INCOME TAX</b>	-	-
Income tax	<u>-</u>	<u>-</u>
<b>PROFIT FOR THE PERIOD</b>	<u>-</u>	<u>-</u>

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2024**

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 amounts reported above.

**Northern Electric Finance plc**

**CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024**

	30 June 2024 (unaudited)	31 December 2023
	£m	£m
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables	296.4	296.2
<b>CURRENT ASSETS</b>		
Trade and other receivables	3.4	9.3
Cash and cash equivalents	-	-
	3.4	9.3
<b>TOTAL ASSETS</b>	<b>299.8</b>	<b>305.5</b>
<b>EQUITY</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Called up share capital	0.1	-
Retained earnings	(1.8)	(1.8)
<b>TOTAL EQUITY</b>	<b>(1.7)</b>	<b>(1.8)</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	296.4	296.3
	296.4	296.3
<b>CURRENT LIABILITIES</b>		
Borrowings	5.1	11.0
	5.1	11.0
<b>TOTAL LIABILITIES</b>	<b>301.5</b>	<b>307.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>299.8</b>	<b>305.5</b>

The half-yearly financial statements were approved by the board of directors and authorised for issue on September 23, 2024 and were signed on its behalf by:



A P Jones  
Director

**Northern Electric Finance plc**  
**CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED**  
**30 JUNE 2024**

	Share Capital £m	Retained Earnings £m	Total Equity £m
<b>Balance at 1 January 2024</b>	<b>0.1</b>	<b>(1.8)</b>	<b>(1.7)</b>
Comprehensive income for the period (unaudited)	-	-	-
<b>Balance at 30 June 2024 (unaudited)</b>	<b>0.1</b>	<b>(1.8)</b>	<b>(1.7)</b>

	Share Capital £m	Retained Earnings £m	Total Equity £m
<b>Balance at 1 January 2023</b>	<b>0.1</b>	<b>(1.8)</b>	<b>(1.7)</b>
Comprehensive income for the period (unaudited)	-	-	-
<b>Balance at 30 June 2023 (unaudited)</b>	<b>0.1</b>	<b>(1.8)</b>	<b>(1.7)</b>

	Share Capital £m	Retained Earnings £m	Total Equity £m
<b>Balance at 1 January 2023</b>	<b>0.1</b>	<b>(1.8)</b>	<b>(1.7)</b>
Comprehensive income for the period	-	-	-
<b>Balance at 31 December 2023</b>	<b>0.1</b>	<b>(1.8)</b>	<b>(1.7)</b>

**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
<b>Profit before income tax</b>	-	-
Finance costs	6.2	6.2
Finance income	(6.2)	(6.2)
	<hr/>	<hr/>
Cash generated from operations	-	-
Net interest paid	(5.1)	(5.1)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(5.1)</b>	<b>(5.1)</b>
	<hr/>	<hr/>
<b>Investing activities</b>		
Loan to related party	-	-
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>
<b>Financing activities</b>		
Issue of long-term debt	-	-
Movement in loan from group undertakings	3.5	3.5
	<hr/>	<hr/>
<b>Net cash generated from financing activities</b>	<b>3.5</b>	<b>3.5</b>
	<hr/>	<hr/>
<b>Net decrease in cash equivalents</b>	<b>(1.6)</b>	<b>(1.6)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1.6</b>	<b>1.6</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>

**Northern Electric Finance plc**  
**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. 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 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**

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 2023.

**New standards, interpretations and amendments effective**

Effective for periods beginning on or after 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.

**Northern Electric Finance plc**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)**

**3. INCOME TAX EXPENSE**

Tax for the six-month period ended 30 June 2024 is charged at 19% (six months ended 30 June 2023: 19.0%) 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 Finance (No.2) Act 2024 maintained the rate of corporation tax of 25%.

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:

	<b>Carrying Value</b>		<b>Fair Value</b>	
	30 June 2024 (unaudited) £m	31 December 2023 £m	30 June 2024 (unaudited) £m	31 December 2023 £m
<b>Financial liabilities</b>				
Intercompany short-term loan	3.5	3.5	3.5	3.5
2035 – 5.125% bonds	149.6	153.6	148.4	158.5
2049 – 2.750% bonds	148.1	150.2	94.7	106.2
	<u>301.2</u>	<u>307.3</u>	<u>246.6</u>	<u>268.3</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 (to)/from related parties £m
<b>Related party</b>		
Six months ended 30 June 2024 (unaudited):		
Northern Powergrid (Northeast) plc	6.2	296.4
Yorkshire Electricity Group plc	-	(3.5)
	<u>6.2</u>	<u>292.8</u>
Six months ended 30 June 2023 (unaudited):		
Northern Powergrid (Northeast) plc	6.2	299.6
Yorkshire Electricity Group plc	-	3.5
	<u>6.2</u>	<u>303.1</u>
Year ended 31 December 2023:		
Northern Powergrid (Northeast) plc	12.4	300.4
Yorkshire Electricity Group plc	-	(3.6)
	<u>12.4</u>	<u>296.8</u>

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