

NORTHERN POWERGRID HOLDINGS COMPANY

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 and strategies of Northern Powergrid Holdings Company (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’s main subsidiary companies are Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc (together “Northern Powergrid”), Integrated Utility Services Limited (“IUS”), CalEnergy Resources Limited (“CE Resources”) and Northern Powergrid Metering Limited (“Metering”).

Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc are distribution network operators (“DNOs”) and distribute electricity to approximately 3.9 million customers connected to their electricity distribution networks, IUS provides engineering contracting services, CE Resources holds interests in hydrocarbon permits and renewables in Australia, Poland and the United Kingdom and Metering rents meters to energy suppliers.

Results for the six months ended 30 June 2024

During the period ended 30 June 2024, the Group made a profit after tax of £176.1 million; this was £22.1 million higher than the 6 months ended 30 June 2023 and was mainly driven by an increase in tariffs in 2024/25 price control year.

Revenue

Revenue at £614.1 million was £52.3 million higher than for the six months ended 30 June 2023 mainly due to higher distribution revenue due to higher tariffs and increased metering revenues.

Cash flow

Cash and cash equivalents as at 30 June 2024 were £89.6 million, representing an increase of £55.4 million when compared with the position at 31 December 2023. This compares with a decrease of £10.7 million in the comparative six-month period, primarily due to higher revenues from an increase in DUoS tariffs.

The Group has access to a £200 million revolving credit facility provided by Barclays Bank plc, Lloyds Bank plc, HSBC UK Bank plc and Royal Bank of Canada. The facility was executed in December 2021 for a period of three years expiring in 2024, with two 1-year extension options, the second of which was exercised in 2023.

In addition, the Group has access to short-term borrowing facilities provided by Yorkshire Electricity Group plc, a related party, and to a £42.0 million overdraft facility provided by Lloyds Bank plc.

Dividends

No dividends were paid during the period resulting in £176.3 million being transferred to reserves.

Related party transactions

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

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 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 Group's latest annual reports and accounts for the year to 31 December 2023 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 2024, which alter the view expressed in the annual reports and accounts to 31 December 2023.

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, hydrocarbon exploration and the rental of meters to energy suppliers.

Subsequent balance sheet events

On 24 May 2024 a subsidiary undertaking, CalEnergy Resources (Operator) Limited, exchanged on a sale and purchase agreement to acquire the entire share capital of IOG North Sea Limited, IOG UK Limited, IOG Infrastructure Limited and certain assets of IOG PLC. IOG PLC and its subsidiary entities own and operate gas production facilities and a pipeline in the South North Sea, which are jointly owned by a subsidiary of Northern Powergrid Holdings Company. CalEnergy Resources (Operator) Limited has paid a consideration of £13.4m on completion on 30 August 2024. The revenues associated with the business disclosed in the IOG plc annual report and accounts (the last published annual report and accounts) were £75m in 2022 and included a decommissioning liability of £30m. Reflecting the timing of the agreement the acquisition accounting and any fair value adjustments are still being considered as at the date of signing of these financial statements.

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 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



T H France
Director

30 September 2024

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS - SIX MONTHS
ENDED 30 JUNE 2024**

	6 Months ended 30 June 2024 Unaudited £m	6 Months ended 30 June 2023 Unaudited £m
Revenue	614.4	561.9
Cost of sales	<u>(50.9)</u>	<u>(85.3)</u>
Gross profit	563.2	476.6
Operating expenses	<u>(279.0)</u>	<u>(266.6)</u>
Operating profit	284.2	210.0
Other gains	-	0.1
Finance income	2.5	0.9
Finance costs	<u>(53.6)</u>	<u>(49.0)</u>
Profit before tax	233.1	162.0
Income tax expense	<u>(57.0)</u>	<u>(8.0)</u>
Profit from ordinary activities after tax	<u>176.1</u>	<u>154.0</u>
Owners of the parent	174.7	152.5
Non-controlling interests	<u>1.4</u>	<u>1.5</u>
	<u>176.1</u>	<u>154.0</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS - SIX MONTHS
ENDED 30 JUNE 2024**

	6 Months ended 30 June 2024 Unaudited £m	6 Months ended 30 June 2023 Unaudited £m
PROFIT FOR THE PERIOD	176.1	154.0
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Employee benefit obligation	7.3	6.4
Income tax relating to items of other comprehensive income	(1.8)	(1.6)
	<u>5.5</u>	<u>4.8</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of foreign operations	(5.6)	(7.6)
Cash flow hedge	2.3	7.5
Income tax relating to items of other comprehensive income	(0.6)	(1.8)
	<u>(3.9)</u>	<u>(1.9)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>1.6</u>	<u>2.9</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>177.7</u>	<u>156.9</u>
 Owners of the parent	 176.3	 155.4
Non-controlling interests	<u>1.4</u>	<u>1.5</u>
	<u>177.7</u>	<u>156.9</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SIX MONTHS ENDED 30 JUNE 2024

	30 June 2024	31 December 2023
	Unaudited £m	£m
ASSETS		
NON-CURRENT ASSETS		
Goodwill	248.8	248.8
Intangible assets	52.0	55.1
Property, plant and equipment	7,740.9	7,648.6
Right of use assets	27.3	27.3
Investments	4.0	3.6
Pension asset	160.7	148.6
Derivative asset	26.7	27.6
Tax asset	0.3	0.1
Trade and other receivables	4.2	6.5
	<u>8,264.9</u>	<u>8,166.3</u>
CURRENT ASSETS		
Inventories	35.4	37.0
Trade and other receivables	233.3	200.8
Contract assets	15.2	7.1
Derivative asset	8.0	6.5
Tax receivables	3.9	0.6
Cash and cash equivalents	89.6	34.2
Restricted cash	6.4	3.1
	<u>391.8</u>	<u>289.4</u>
TOTAL ASSETS	<u>8,656.7</u>	<u>8,455.6</u>
EQUITY		
SHAREHOLDERS' EQUITY		
Share capital	354.6	354.6
Share premium account	(0.8)	(0.8)
Hedging reserves	12.7	11.0
Foreign exchange reserves	(14.9)	(9.3)
Retained earnings	3,048.5	2,868.4
	<u>3,400.1</u>	<u>3,223.9</u>
Non-controlling interest	43.1	42.4
TOTAL EQUITY	<u>3,443.2</u>	<u>3,266.2</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SIX MONTHS ENDED 30 JUNE 2024

	30 June 2024	31 December 2023
	Unaudited £m	£m
LIABILITIES		
NON-CURRENT LIABILITIES		
Deferred revenue	1,513.1	1,531.3
Borrowings	2,535.6	2,707.5
Lease liabilities	19.4	19.4
Derivative Liability	-	-
Deferred tax	367.3	327.9
Trade and other payables	-	-
Provisions	49.2	52.3
	<u>4,484.6</u>	<u>4,638.4</u>
CURRENT LIABILITIES		
Trade and other payables	325.8	298.7
Deferred revenue	68.0	69.0
Borrowings	315.2	161.8
Lease liabilities	6.0	6.3
Derivative liabilities	-	-
Tax payable	-	0.4
Provisions	13.9	14.8
	<u>728.9</u>	<u>551.0</u>
TOTAL LIABILITIES	<u>5,213.5</u>	<u>5,189.4</u>
TOTAL EQUITY AND LIABILITIES	<u>8,656.7</u>	<u>8,455.6</u>

The interim financial statements were approved by the board of directors and authorised for issue on 30 September 2024 and were signed on its behalf by:



T H France
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - SIX MONTHS ENDED 30 JUNE 2024

	Share Capital £m	Share Premium Account £m	Other Reserves £m	Retained Earnings £m	Total £m
Balance at 1 January 2024	354.6	(0.8)	1.7	2,868.4	3,223.9
Profit for the period (unaudited)	-	-	-	174.7	174.7
Other comprehensive income (unaudited)	-	-	1.7	5.5	7.2
Foreign exchange translation adjustment (unaudited)	-	-	(5.6)	-	(5.6)
Acquisition of non-controlling interest without a change in control (unaudited)	-	-	-	-	-
Balance at 30 June 2024	354.6	(0.8)	(2.2)	3,048.5	3,400.1

	Non- Controlling Interests £m	Total Equity £m
Balance at 1 January 2024	42.4	3,266.2
Profit for the period (unaudited)	1.4	176.1
Other comprehensive income (unaudited)	-	7.2
Foreign exchange translation adjustment (unaudited)	-	(5.6)
Acquisition of non-controlling interest without a change in control (unaudited)	(0.7)	(0.7)
Balance at 30 June 2024	43.1	3,443.2

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - SIX MONTHS ENDED 30 JUNE 2024 (CONTINUED)

	Share Capital £m	Share Premium Account £m	Other Reserves £m	Retained Earnings £m	Total £m
Balance at 1 January 2023	354.6	(0.8)	16.1	2,897.5	3,267.4
Profit for the period (unaudited)	-	-	-	152.5	152.5
Other comprehensive income (unaudited)	-	-	5.7	4.8	10.5
Foreign exchange translation adjustment (unaudited)	-	-	(7.6)	-	(7.6)
Balance at 30 June 2023	354.6	(0.8)	14.2	3,054.8	3,422.8

	Non- Controlling Interests £m	Total Equity £m
Balance at 1 January 2023	40.7	3,308.1
Profit for the period (unaudited)	1.5	154.0
Other comprehensive income (unaudited)	-	10.5
Foreign exchange translation adjustment	-	(7.6)
Balance at 30 June 2023	42.2	3,465.0

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - SIX MONTHS ENDED 30 JUNE 2024 (CONTINUED)

	Share Capital £m	Share Premium Account £m	Other Reserves £m	Retained Earnings £m	Total £m
Balance at 1 January 2023	354.6	(0.8)	16.1	2,897.5	3,267.4
Profit for the year	-	-	-	178.8	178.8
Other comprehensive income	-	-	(14.4)	(8.0)	(22.4)
Dividends	-	-	-	(200.0)	(200.0)
Balance at 31 December 2023	354.6	(0.8)	1.7	2,868.4	3,223.9

	Non- Controlling Interests £m	Total Equity £m
Balance at 1 January 2023	40.7	3,308.1
Profit for the year	1.7	180.5
Other comprehensive income	-	(22.4)
Dividends	-	(200.0)
Balance at 31 December 2023	42.4	3,266.2

CONSOLIDATED CASH FLOW STATEMENT

	6 Months ended 30 June 2024 Unaudited £m	(As restated) 6 Months ended 30 June 2023 Unaudited £m
Cash flows from operating activities		
Profit for the year	176.1	135.7
Depreciation and amortisation	171.7	172.5
Amortisation of deferred revenue	(33.4)	(33.4)
Profit on disposal of property, plant & equipment	-	(0.1)
Retirement benefit obligation	(2.9)	(3.6)
Finance income	(2.5)	(0.9)
Finance costs	53.6	49.0
Income tax expense	57.0	26.3
	<hr/> 419.6	<hr/> 345.5
(Decrease)/increase in inventories	1.0	(1.7)
(Increase)/decrease in trade and other receivables	(28.5)	16.5
Increase in contract assets	(8.1)	(1.4)
Decrease in trade and other payables	(3.6)	(23.3)
Increase/(decrease) in provisions	(3.4)	(6.4)
	<hr/> 377.0	<hr/> 329.2
Cash inflow from operating activities	377.0	329.2
Receipt of customer contributions*	68.3	68.2
Net interest paid	(50.7)	(52.5)
Tax paid	(23.8)	(40.1)
	<hr/> 370.8	<hr/> 304.8
Net cash from operating activities	<hr/> 370.8	<hr/> 304.8
Investing activities		
Proceeds from disposal of property, plant and equipment	-	0.1
Purchase of property, plant and equipment	(285.6)	(256.6)
Purchase of intangible assets	(2.5)	(5.8)
Investment in associate	(0.3)	(0.7)
	<hr/> (288.4)	<hr/> (263.0)
Net cash used in investing activities	<hr/> (288.4)	<hr/> (263.0)
Financing activities		
Issue of long-term borrowings	-	-
Repayment of long-term borrowings	(22.3)	(31.4)
Movement of short-term borrowings	3.0	(17.4)
Lease payment	(4.4)	(3.7)
Movement in restricted cash	(3.3)	-
	<hr/> (27.0)	<hr/> (52.5)
Net cash (used in)/generated from financing activities	<hr/> (27.0)	<hr/> (52.5)
Net increase/(decrease) in cash and cash equivalents	<hr/> 55.4	<hr/> (10.7)
Cash and cash equivalents at beginning of period	<hr/> 34.2	<hr/> 31.0

CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents at end of period

89.6

20.3

*Following a review of sector general practice and to align with the accounting treatment of customer contributions within revenue these amounts have been presented within operating activities rather than investing activities with the comparatives restated. Accordingly, this has resulted in an increase in cash from operating activities and increase in cash used in investing activities in the comparative period by £68.3m. There has been no other impact on the financial statements from this change.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The information included within these condensed financial statements for 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 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 Group’s latest annual reports and accounts for the year to 31 December 2023 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 2024, which alter the view expressed in the annual reports and accounts to 31 December 2023.

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 2023, with the only changes being outlined below.

Application of new and revised IFRS

None of the standards, interpretations and amendments which are effective for periods beginning 1 January 2024 has had a material effect on the financial statements:

- 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

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 2024 (unaudited):

	Distribution	Other	Consolidation adjustment	Total
	£m	£m	£m	£m
REVENUE				
External sales	525.9	88.2	-	614.1
Inter-segment sales	<u>28.3</u>	<u>10.1</u>	<u>(38.4)</u>	<u>-</u>
Total Revenue	<u>554.2</u>	<u>98.3</u>	<u>(38.4)</u>	<u>614.1</u>
SEGMENT RESULTS				
Operating profit	<u>267.0</u>	<u>14.0</u>	<u>3.2</u>	284.2
Other gains				-
Finance income				2.5
Finance costs				<u>(53.6)</u>
Profit before tax				<u>233.1</u>
OTHER INFORMATION				
Capital additions	268.3	19.2		287.5
Depreciation and amortisation	124.9	43.3		168.2
Amortisation of deferred revenue	<u>(33.4)</u>	<u>-</u>		<u>(33.4)</u>

External sales to the E.ON group in the six months ended 30 June 2024 represented 20.76% of revenue within the Distribution segment.

External sales to British Gas Ltd in the six months ended 30 June 2024 represented 12.48% 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 2023 (unaudited):

	Distribution	Other	Consolidation adjustment	Total
	£m	£m	£m	£m
REVENUE				
External sales	462.1	99.8	-	561.9
Inter-segment sales	23.9	6.8	(30.7)	-
Total Revenue	<u>486.0</u>	<u>106.6</u>	<u>(30.7)</u>	<u>561.9</u>
SEGMENT RESULTS				
Operating profit	<u>188.7</u>	<u>15.8</u>	<u>5.5</u>	210.0
Other gains				0.1
Finance income				0.9
Finance costs				<u>(49.0)</u>
Profit before tax				<u>162.0</u>
OTHER INFORMATION				
Capital additions	227.5	53.8	-	281.3
Depreciation and amortisation	114.8	48.8	-	163.6
Amortisation of deferred revenue	<u>(33.4)</u>	<u>-</u>	<u>-</u>	<u>(33.4)</u>

External sales to the E.ON group in the six months ended 30 June 2023 represented 22.38% of revenue within the Distribution segment.

External sales to British Gas Ltd in the six months ended 30 June 2023 represented 13.54% 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

Segment net assets	30 June 2024 Unaudited £m	31 December 2023 £m
Distribution	5,971.6	5,365.1
Other	<u>755.4</u>	<u>629.2</u>
Total net assets by segment	6,727.0	5,994.3
Unallocated net corporate liabilities	<u>(3,283.8)</u>	<u>(2,728.1)</u>
Total net assets	<u>3,443.2</u>	<u>3,266.2</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

4. INCOME TAX EXPENSE

Tax for the six-month period ended 30 June 2024 is charged at 24.5% (six months ended 30 June 2023: 4.9%). This is lower than the standard rate of corporation tax in the UK and 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 2024 Unaudited £m	6 months ended 30 June 2023 Unaudited £m
Current tax	19.9	42.8
Deferred tax	<u>37.1</u>	<u>(34.8)</u>
Total income tax expense	<u>57.0</u>	<u>8.0</u>

The Finance (No.2) Act 2024 maintained the rate of corporation tax of 25%. Deferred tax balances are therefore measured at 25% at 30 June 2024 (six months ended 30 June 2023: 25%).

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

5. DIVIDENDS

No dividends were distributed to the shareholders in the six-month period ended 30 June 2024 (six months ended 30 June 2023: £nil)

6. RETIREMENT BENEFIT SCHEMES

The defined benefit obligation as at 30 June 2024 is calculated on a year-to-date basis, using the annual actuarial valuation as at 31 December 2023. The latest triennial valuation carried out by AON was concluded on the 2 February 2024. 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 2024.

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 2024	31 December 2023	30 June 2024	31 December 2023
	Unaudited £m	£m	Unaudited £m	£m
Financial liabilities				
Short-term loans	75.0	65.9	75.0	65.9
Bond 2025 – 2.5% (Northern Powergrid (Yorkshire) plc)	150.7	152.4	150.9	147.7
Bond 2028 – 7.25% (Yorkshire Power Finance Limited)	199.2	192.7	208.5	209.1
Bond 2032 4.375% (Northern Powergrid (Yorkshire) plc)	155.0	151.5	148.1	150.0
Bond 2033 - 5.625% - Northern Powergrid (Yorkshire) plc	256.0	248.8	266.2	269.7
Bond 2035 – 5.125% (Northern Electric Finance plc)	149.6	153.6	148.4	158.5
Bond 2035 – 5.125% (Northern Powergrid (Yorkshire) plc)	199.4	204.7	197.9	211.1
Bond 2049 – 2.750% (Northern Electric Finance plc)	148.1	150.2	94.7	106.2
Bond 2052 – 3.250% (Northern Electric Finance plc)	349.3	355.0	239.7	272.4
Bond 2059 – 2.250% (Northern Powergrid (Yorkshire) plc)	299.0	295.5	155.9	173.2
Bond 2062 – 1.875% (Northern Powergrid (Northeast) plc)	295.0	297.7	138.9	159.5
EIB loans 2027 – 2.564%	253.5	250.3	234.1	232.7
EIB loans 2025 – 2.073%	50.6	50.1	48.1	47.1
CalEnergy Resources Limited - 2025	119.2	125.0	119.4	124.9
Amortised loan 2026 – 3.3127%* (Northern Powergrid Metering Ltd)	115.3	135.5	117.2	137.5
Cumulative preference shares	34.1	34.1	41.5	41.2
Bank overdraft	2.0	6.2	2.0	6.2
	<u>2,850.8</u>	<u>2,869.3</u>	<u>2,386.5</u>	<u>2,512.9</u>

*2026 £218m Amortising Loan is 80% swapped at a fixed rate of 2.4455%, with the remaining 20% floating at SONIA plus 1.55%. Loan is secured by a Fixed and Floating charge over all assets of the Company (excluding smart meters) and limited recourse security over the issued share capital of the Company by the Shareholder.

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	Dividends from/(to) related parties £m
Related party				
<i>Six months ended 30 June</i>				
<i>2024:</i>				
Immediate Parent				
Companies*	-	-	1.0	-
Vehicle Lease and				
Service Limited	-	5.1	-	-
	<u>-</u>	<u>5.1</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>5.1</u>	<u>1.0</u>	<u>-</u>
<i>Six months ended 30 June</i>				
<i>2023:</i>				
Immediate Parent				
Companies*	-	-	24.8	-
Vehicle Lease and				
Service Limited	-	5.1	-	-
	<u>-</u>	<u>5.1</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>5.1</u>	<u>24.8</u>	<u>-</u>
<i>Year ended 31 December</i>				
<i>2023:</i>				
Immediate Parent				
Companies*	-	-	1.4	(200.0)
Vehicle Lease and				
Service Limited	0.1	10.2	-	0.2
	<u>0.1</u>	<u>10.2</u>	<u>-</u>	<u>0.2</u>
	<u>0.1</u>	<u>10.2</u>	<u>1.4</u>	<u>(199.8)</u>

Sales and purchases from related parties were made at commercial prices.

Interest on loans 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:

	Amounts owed from/(to) related parties £m	Interest from/(to) related parties £m	Dividends from/(to) related parties £m
Related party			
<i>Six months ended 30 June 2024:</i>			
Immediate Parent Companies*	(1.0)	-	-
Subsidiary Companies	21.6	4.0	-
	<u>20.6</u>	<u>4.0</u>	<u>-</u>
<i>Six months ended 30 June 2023:</i>			
Immediate Parent Companies*	(22.1)	-	-
Subsidiary Companies	336.0	10.3	-
	<u>313.9</u>	<u>10.3</u>	<u>-</u>
<i>Year ended 31 December 2023:</i>			
Immediate Parent Companies*	(1.4)	-	(200.0)
Subsidiary Companies	21.4	20.6	-
	<u>20.0</u>	<u>20.6</u>	<u>(200.0)</u>

* Immediate parent companies are BHE U.K. Electric, Inc., (35%), BHE U.K. Power, Inc. (35%) and BHE U.K. Inc. (30%).

Interest on loans to/from Group companies is charged at a commercial rate.