

**NORTHERN POWERGRID (YORKSHIRE) plc**  
**HALF-YEARLY FINANCIAL REPORT FOR THE**  
**SIX MONTHS ENDED 30 JUNE 2024**

# **Northern Powergrid (Yorkshire) plc**

## **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 (Yorkshire) 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 its principal activity during the six months to 30 June 2024 was to act as an authorised distributor under the Electricity Act 1989. The Company distributes electricity to approximately 2.3 million customers connected to its electricity distribution network within its distribution services area.

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

The Company made a profit after tax of £91.4 million, an increase of £24.6 million when compared to the 6 months ended 30 June 2023 primarily due to higher gross margins and lower costs of sales.

### **Revenue**

Revenue at £303.2 million was £37.4 million higher than for the six months ended 30 June 2023 as a result of higher DUoS tariffs.

### **Cash flow**

Cash and cash equivalents as at 30 June 2024 were £0.2 million, representing no movement since 31 December 2023.

The Company has access to £100 million revolving credit facility provided by Barclays Bank plc, Lloyds Bank plc, HSBC UK Bank plc and Royal Bank of Canada. The Company entered into a new Facility Agreement in December 2021 for a period of three years, with two 1 year extension options. During the year the Company exercised the second extension option which extended the termination date to December 2026. In addition, the Company has access to further short-term borrowing facilities provided by YEG and to a £19.0 million overdraft facility provided by Lloyds Bank plc, which is reviewed annually, these borrowings are repayable on demand.

At 31 December 2023, the Company had available £85.5 million (2022: £119.0 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

### **Dividends**

A dividend of £400m was paid during the period to 30 June 2024.

### **Principal risks and uncertainties**

Information concerning 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 Company for the remaining six months of 2024.

# Northern Powergrid (Yorkshire) plc

## INTERIM MANAGEMENT REPORT

### 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 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 directors intend that the Company will continue to implement the ED2 Business Plan. During the transition into the ED2 period and beyond, the strategy set out in the ED2 Business Plan will support the Company's evolutions from DNO to Distribution System Operator ("DSO"), in order to facilitate decarbonisation and take steps to achieve a fully integrated energy system. The Company will deliver the strategic objectives linked to the Core Principles, continue to develop its business to be efficiently investing in the Network and improving the quality of supply and service provided to customers.

### 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 as required by Disclosure and Transparency Rules ("DTR") 4.2.4R for the six months to 30 June 2023; 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 Powergrid (Yorkshire) plc****CONDENSED STATEMENT OF PROFIT OR LOSS – SIX MONTHS ENDED 30 JUNE 2024**

	6 Months ended 30 June 2024	6 Months ended 30 June 2023
	(unaudited) £m	(unaudited) £m
Revenue	303.2	265.8
Cost of sales	<u>(13.6)</u>	<u>(32.6)</u>
<b>Gross profit</b>	<b>289.6</b>	<b>233.2</b>
Operating expenses	<u>(143.5)</u>	<u>(129.2)</u>
<b>Operating profit</b>	<b>146.1</b>	<b>104.0</b>
Other gains	-	0.2
Finance income	0.6	0.5
Finance costs	<u>(24.9)</u>	<u>(17.4)</u>
<b>Profit before tax</b>	<b>121.8</b>	<b>87.3</b>
Income tax expense	<u>(30.4)</u>	<u>(20.5)</u>
<b>Profit from ordinary activities after tax</b>	<b><u>91.4</u></b>	<b><u>66.8</u></b>

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - SIX MONTHS 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 profits reported above.

**Northern Powergrid (Yorkshire) plc**
**CONDENSED STATEMENT OF FINANCIAL POSITION - SIX MONHS ENDED 30 JUNE 2024**

	30 June 2024 (unaudited) £m	31 December 2023 £m
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	4,145.6	4,054.0
Right of use asset	7.4	7.4
Intangible assets	-	-
	<u>4,153.0</u>	<u>4,061.5</u>
<b>CURRENT ASSETS</b>		
Inventories	1.4	1.4
Trade and other receivables	100.3	229.8
Income tax asset	6.9	1.1
Cash and cash equivalents	0.2	0.2
	<u>108.8</u>	<u>232.6</u>
<b>TOTAL ASSETS</b>	<u><b>4,261.8</b></u>	<u><b>4,294.0</b></u>
<b>EQUITY</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	290.0	290.0
Retained earnings	1,233.0	1,542.4
<b>TOTAL EQUITY</b>	<u><b>1,523.0</b></u>	<u><b>1,832.4</b></u>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Deferred revenue	875.5	863.2
Loans & borrowings	1,067.7	1,217.0
Lease liabilities	5.3	5.3
Deferred tax	197.5	182.4
Provisions	0.6	0.6
	<u>2,146.6</u>	<u>2,268.5</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	148.4	129.8
Deferred revenue	40.2	38.9
Loans & borrowings	398.7	19.8
Lease liabilities	2.4	2.4
Tax payable	-	-
Provisions	2.6	2.2
	<u>592.2</u>	<u>193.1</u>
<b>TOTAL LIABILITIES</b>	<u><b>2,738.8</b></u>	<u><b>2,461.6</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>4,261.8</b></u>	<u><b>4,294.0</b></u>

**Northern Powergrid (Yorkshire) plc**

**CONDENSED STATEMENT OF FINANCIAL POSITION - SIX MONHS ENDED 30  
JUNE 2024**

The interim 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 handwritten signature in blue ink, appearing to read 'A P Jones', with a horizontal line extending to the right.

A P Jones

Director

# Northern Powergrid (Yorkshire) plc

## CONDENSED STATEMENT OF CHANGE IN EQUITY - SIX MONHS ENDED 30 JUNE 2024

	Share Capital £m	Retained Earnings £m	Total £m
<b>Balance at 1 January 2024</b>	<b>290.0</b>	<b>1,542.4</b>	<b>1,832.4</b>
Profit for the period (unaudited)	-	91.4	91.4
Dividends paid		(400.0)	(400.0)
<b>Balance at 30 June 2024</b>	<b>290.0</b>	<b>1,233.8</b>	<b>1,523.8</b>

	Share Capital £m	Retained Earnings £m	Total £m
<b>Balance at 1 January 2023</b>	<b>290.0</b>	<b>1,457.5</b>	<b>1,747.5</b>
Profit for the period (unaudited)	-	66.8	66.8
<b>Balance at 30 June 2023</b>	<b>290.0</b>	<b>1,524.3</b>	<b>1,814.3</b>

	Share Capital £m	Retained Earnings £m	Total £m
<b>Balance at 1 January 2023</b>	<b>290.0</b>	<b>1,457.5</b>	<b>1,747.5</b>
Profit for the year	-	127.5	127.5
Equity dividends paid	-	(42.5)	(42.5)
<b>Balance at 31 December 2023</b>	<b>290.0</b>	<b>1,542.4</b>	<b>1,832.4</b>

**Northern Powergrid (Yorkshire) plc**
**CONDENSED STATEMENT OF CASH FLOWS – SIX MONTHS ENDED 30 JUNE 2024**

	6 Months ended 30 June 2024 (unaudited) £m	6 Months ended 30 June 2023 (unaudited & restated) £m
<b>Profit for the year</b>	91.4	66.8
Depreciation and amortisation	70.5	66.9
Profit on disposal of fixed assets	-	(0.2)
Amortisation of deferred revenue	(19.2)	(18.4)
Net finance costs	24.3	16.9
Income tax expense	30.4	20.5
Cash flow before working capital movements	197.3	152.5
(Increase) in inventory	-	(0.2)
Decrease/(Increase) in trade receivables	(14.7)	6.2
(Increase)/Decrease in trade and other payables	5.0	(5.1)
Increase/(Decrease) in provisions	0.4	-
Cash generated from operations	187.9	153.4
Net interest paid	(16.6)	(14.1)
Tax paid	(21.0)	(19.0)
Receipt of customer contributions	42.8	27.0
<b>Net cash from operating activities</b>	<b>193.1</b>	<b>147.3</b>
<b>Investing activities</b>		
Proceeds from disposal of property, plant, and equipment	-	0.2
Purchase of property, plant, and equipment	(157.7)	(147.8)
<b>Net cash used in investing activities</b>	<b>(157.7)</b>	<b>(147.7)</b>
<b>Financing activities</b>		
Movement in short-term borrowings	(3.5)	(7.3)
Movement in long-term borrowings	1.0	-
Lease payment	(1.4)	(1.5)
Dividend paid	(400.0)	-
Movement in intercompany loan	368.5	9.1
<b>Net cash from/(used) financing activities</b>	<b>(35.4)</b>	<b>0.4</b>
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>0.2</b>	<b>2.0</b>
<b>Cash and cash equivalents at end of period</b>	<b>0.2</b>	<b>2.0</b>



## **Northern Powergrid (Yorkshire) plc**

### **CONDENSED STATEMENT OF CASH FLOWS – SIX MONTHS ENDED 30 JUNE 2024**

Yorkshire Electricity Group plc, a Northern Powergrid Group Company, acting on behalf of other group companies was authorised to settle various liabilities against the relevant intercompany accounts. The Company has disclosed the underlying cash flows as operating, investing or financing according to their nature on the basis that, as a principal, the entity has the right to the cash inflows and/or obligation to settle the liability and ensure clarity of disclosure of the cash costs of the business.

# **Northern Powergrid (Yorkshire) 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 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 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, with the only changes being outlined below.

#### **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 Powergrid (Yorkshire) plc**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**3. SEGMENTAL ANALYSIS**

Revenue, profit before tax and net assets are attributable to electricity distribution. Revenue is all in respect of sales to United Kingdom customers.

Revenue represents charges made to customers for use of the distribution system, rental of meters, the recharge of costs incurred on behalf of related parties, amortisation of customer contributions and other goods sold, and services provided, exclusive of value added tax.

**4. INCOME TAX EXPENSE**

Tax for the six-month period ended 30 June 2024 is charged at 25.0% (six months ended 30 June 2023: 23.5%). This effective tax rate 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 2023 (unaudited) £m	6 months ended 30 June 2022 (unaudited) £m
Current tax	13.4	20.7
Deferred tax	<u>16.9</u>	<u>(0.2)</u>
Total income tax expense	<u>30.4</u>	<u>20.5</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 Company will apply adopted amendments to IFRIC 23.

**Northern Powergrid (Yorkshire) plc**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**5. 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>				
Short-term loan	-	3.5	-	3.5
Intercompany loan	224.2	-	224.2	-
Bond 2025 – 2.5%	150.7	152.4	150.9	147.7
Bond 2032 – 4.375%	154.9	151.5	148.1	150.0
Bond 2033 – 5.625%	255.9	248.9	266.2	269.7
Bond 2035 – 5.125%	199.4	204.7	197.9	211.1
Bond 2059 - 2.25%	298.9	295.5	155.9	173.2
EIB Loan – 4.133%	-	-	-	-
EIB Loan – 2.564%	131.8	130.1	121.7	121.0
EIB Loan – 2.073%	50.6	50.1	48.1	47.1
	<u>1,466.4</u>	<u>1,236.8</u>	<u>1,313.0</u>	<u>1,123.4</u>

**Northern Powergrid (Yorkshire) plc**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**6. RELATED PARTY TRANSACTIONS**

Transactions entered into with related parties and balances outstanding were as follows:

	Sales to related parties £m	Purchases from related parties £m	Loans to/(from) related parties £m	Interest from/(to) related parties £m
<b>Related party</b>				
<i>Six months ended 30 June 2024:</i>				
Integrated Utility Services Limited	-	3.5	-	-
Integrated Utility Services Limited (registered in Eire)	-	0.3	-	-
Northern Electric plc	-	-	-	-
Northern Powergrid Metering Limited	0.5	-	-	-
Northern Powergrid (Northeast) plc	7.9	16.0	-	0.4
Vehicle Lease and Service Limited	-	2.3	-	-
Yorkshire Electricity Group plc	-	0.1	-	1.2
	<u>8.4</u>	<u>22.3</u>	<u>-</u>	<u>1.6</u>
<i>Six months ended 30 June 2023:</i>				
Integrated Utility Services Limited	-	0.2	-	-
Integrated Utility Services Limited (registered in Eire)	-	0.2	-	-
Northern Electric plc	-	1.2	-	-
Northern Powergrid Metering Limited	0.4	-	-	-
Northern Powergrid (Northeast) plc	5.9	14.3	-	-
Vehicle Lease and Service Limited	-	2.6	-	-
Yorkshire Electricity Group plc	-	-	(33.1)	(0.6)
	<u>6.3</u>	<u>18.5</u>	<u>(33.1)</u>	<u>(0.6)</u>

**Northern Powergrid (Yorkshire) plc**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

	Sales to related parties £m	Purchases from related parties £m	Loans to related parties £m	Interest from related parties £m
<i>Year ended 31 December 2023:</i>				
Integrated Utility Services Limited	0.1	4.1	-	-
Integrated Utility Services Limited (registered in Eire)	-	0.4	-	-
Northern Electric plc	-	2.3	-	-
Northern Powergrid Metering Limited	0.8	-	-	-
Northern Powergrid (Northeast) plc	14.4	31.2	-	-
Vehicle Lease and Service Limited	0.1	5.1	-	-
Yorkshire Electricity Group plc	-	-	143.8	-
	<u>15.4</u>	<u>43.1</u>	<u>143.8</u>	<u>-</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.