

BritNed Development Limited

Directors' Report

And Financial Statements

For the year ended 31 December 2012

Company registration number: 4251409

BritNed Development Limited

Directors' Report

For the year ended 31 December 2012

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2012.

Principal activities

The Company's principal activity is the operation of a sub-sea interconnector link between England and Wales and the Netherlands electricity networks.

Development and performance during the year

During 2012 the Company continued to operate the sub-sea interconnector between the England and Wales and the Netherlands electricity networks.

As the Company is a joint venture between two larger groups, the management of the Company does not involve the use of key performance indicators, other than the profit or loss for the year, in measuring the development, performance or the position of the Company and the principal risks and uncertainties are integrated with the principal risks of its shareholders. For information on the development, performance, risks, uncertainties and position of National Grid plc and its business interests ('National Grid'), and of the key performance indicators used, refer to the Business Review included in National Grid plc's Annual Report and Accounts for both the year ended 31 March 2012 and 31 March 2013, which does not form part of this report.

Results and dividends

The profit for the financial year after taxation was €3,555,000 (2011 loss: €6,965,000).

The Directors do not recommend the payment of a dividend (2011: €nil).

Financial position

The financial position of the Company is presented in the balance sheet. Total shareholders' funds at 31 December 2012 were €563,581,000 (2011: €560,026,000) comprising total fixed assets of €524,095,000 (2011: €538,035,000) and net current assets of €47,224,000 (2011: €24,798,000).

Financial risk management

The management of the Company and the execution of the Company's strategy are subject to a number of risks. The Directors have identified the need to manage the Company's material financial risks, including liquidity and foreign exchange risks.

Liquidity risk

The Company finances its operations through a combination of retained profits and cash generated by the business to ensure that the Company has sufficient funds available for current operations and future activities.

Foreign exchange risk

To the extent that the Company enters into transactions in currencies different to that of the Company's functional currency, there is an exposure to movement in exchange rates. The Company does not participate in cross-currency hedging.

BritNed Development Limited

Directors' Report (continued)

For the year ended 31 December 2012

Directors

The Directors of the Company during the year and up to the date of signing of the financial statements were:

AA Hartman
G Fricke
JG Cochrane (Resigned 15 September 2012)
SC Humphreys (Resigned 18 October 2012)
P Boreham (Appointed 15 September 2012)
T McCormick (Appointed 18 October 2012)

Directors' indemnities and insurance

National Grid has arranged, in accordance with the Companies Act 2006 and the Articles of Association, qualifying third party indemnities against financial exposure that Directors may incur in the course of their professional duties. Alongside these indemnities, National Grid places Directors' and Officers' liability insurance for each Director.

To extend a similar indemnity to the Directors of BritNed Development Limited not employed by National Grid, BritNed Development Limited has placed its own third party Directors' and Officers' insurance.

Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Having made the requisite enquiries, so far as the Directors in office at the date of the approval of this report are aware, there is no relevant audit information of which the auditors are unaware and each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors themselves are aware of that information.

BritNed Development Limited

Directors' Report (continued)

For the year ended 31 December 2012

Going concern

The Directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved by the Board and signed by the order of it:

D C Forward

Secretary
19 June 2013

Registered office:

1-3 Strand
London
WC2N 5EH

Registered in England and Wales

Company registration number: 4251409

Independent Auditors' Report

To the members of BritNed Development Limited for the year ended 31 December 2012

We have audited the financial statements of BritNed Development Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 2 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Simon Evans (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
19 June 2013

BritNed Development Limited

Profit and loss account

For the year ended 31 December 2012

	Notes	2012 €'000	2011 €'000
Turnover	3	40,271	16,568
Administrative expenses		(35,291)	(26,090)
Operating profit / (loss)	4	<u>4,980</u>	<u>(9,522)</u>
Bank interest receivable and similar income		65	134
Interest payable on overdue taxation and bank charges		(31)	(3)
Profit / (loss) on ordinary activities before taxation		<u>5,014</u>	<u>(9,391)</u>
Tax on profit / (loss) on ordinary activities	5	(1,459)	2,426
Profit / (loss) for the financial year	13	<u><u>3,555</u></u>	<u><u>(6,965)</u></u>

The results reported above relate to continuing activities.

The Company has no recognised gains and losses other than the profit or loss for the financial years stated above and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the profit or loss on ordinary activities before and after taxation for the financial years stated above and their historical cost equivalents.

BritNed Development Limited

Balance sheet

As at 31 December 2012

	Notes	2012 €'000	2011 €'000
Fixed assets			
Intangible assets	6	2,584	2,743
Tangible assets	7	521,511	535,292
		<u>524,095</u>	<u>538,035</u>
Current assets			
Debtors: amounts falling due within one year	8	30,321	26,222
Cash at bank		25,119	7,720
		<u>55,440</u>	<u>33,942</u>
Creditors			
Creditors: amounts falling due within one year	9	(8,216)	(9,144)
Net current assets		<u>47,224</u>	<u>24,798</u>
Total assets less current liabilities		571,319	562,833
Creditors: amounts falling due after more than one year	10	(1,028)	(1,055)
Provision for liabilities and charges	11	(6,710)	(1,752)
Net assets		<u>563,581</u>	<u>560,026</u>
Capital and reserves			
Called up share capital	12	569,000	569,000
Profit and loss account	13	(5,419)	(8,974)
Total shareholders' funds	14	<u>563,581</u>	<u>560,026</u>

The financial statements on pages 5 to 17 were approved by the Board of Directors on 19 June 2013 and signed on its behalf by:

AA Hartman
Director

P Boreham
Director

BritNed Development Limited

Cash flow statement

For the year ended 31 December 2012

	Notes	2012 €'000	2011 €'000
Net cash inflow / (outflow) from operating activities	15	18,638	(8,984)
Returns on investments and servicing of finance			
Interest received		65	134
Interest paid		(31)	(3)
		<u>34</u>	<u>131</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(982)	(107,090)
Purchase of intangible fixed assets		(291)	(718)
		<u>(1,273)</u>	<u>(107,808)</u>
Financing			
Share capital issued in the year	12	-	112,000
Increase (decrease) in cash	16	<u>17,399</u>	<u>(4,661)</u>

BritNed Development Limited

Notes to the financial statements

For the year ended 31 December 2012

1 Accounting policies

(a) Basis of preparation

These financial statements have been prepared on the going concern basis in accordance with applicable UK accounting and financial reporting standards and the Companies Act 2006. They have been prepared on an historical cost basis and are presented in Euros, which is the currency of the primary economic environment in which the Company operates.

The preparation of financial statements requires management to make accounting estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

(b) Going concern

The Directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) European Union Grant Funding

BritNed Development Limited received project funding from the European Union. The funding was received by National Grid International Limited and fifty percent of this is transferred to BritNed's other parent company NLink International BV through the financial statements of BritNed Development Limited. Other European Union grant funding that relates to specific capital expenditure is treated as deferred income which is then credited to the profit and loss account over the related assets' useful life.

(d) Development costs held as intangible assets

Development expenditure is recognised as an intangible fixed asset where the project is considered to be technically and commercially viable, resources exist to complete the development and the recovery of project costs is reasonably assured. Such development expenditure is amortised on a straight-line basis over the expected period of benefit commencing from when the development is brought into use. The amortisation period for development assets is 7 years.

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2012

1 Accounting policies (continued)

(e) Tangible assets and depreciation

Tangible fixed assets are included in the balance sheet at cost less accumulated depreciation. Cost includes payroll and other costs incurred which are directly attributable to the construction of tangible fixed assets.

No depreciation is provided on assets in the course of construction. Tangible fixed assets are depreciated on a straight line basis at the rate estimated to write off the book value over the estimated useful economic life, which is reviewed on a regular basis. Estimated useful economic lives are between 15 and 40 years for plant and machinery, 3 years for fixtures and furniture and 40 years for freehold property.

Subsequent to the year end, a review has been performed on the useful economic lives of valves (within the plant and machinery category of tangible assets). The directors' current view of the estimated useful economic life of such valves has been changed from 40 years to 20 years, effective from 1 January 2013. The impact of this in 2013 will be to increase the annual depreciation charge by £800,000.

(f) Taxation

Current tax is provided at the amount expected to be paid (or recovered) using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at tax rates expected to apply when the timing differences reverse based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in years different from those in which they are included in the financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(g) Foreign currencies

Transactions in currencies other than the functional currency of the Company are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign exchange currencies are retranslated at closing exchange rates. Gains and losses arising on retranslation of monetary assets and liabilities are included in the profit and loss account.

(h) Turnover

Turnover comprises the value of inter connector capacity sold excluding value added tax and other sales taxes. It largely comprises explicit revenue net of curtailment amounts and implicit revenues net of use it or sell it compensation. Implicit revenue is also shown as the net of sales and purchases of energy as the Company is deemed to be acting as an agent rather than principal under Application Note G of FRS 5 'Reporting the substance of transactions' in respect of energy purchases.

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2012

2 Directors and employees

The emoluments of the Directors are not paid to them in their capacity as Directors of the Company and are payable for services wholly attributable to other National Grid subsidiary undertakings or the TenneT group. Accordingly, no details in respect of their emoluments have been included in these financial statements.

There were no employees of the Company during the year (2011: none).

3 Turnover

	2012	2011
	€'000	€'000
Net explicit revenue	24,010	10,283
Net implicit revenue	16,655	6,511
Other transaction fees (APX, clearing fees)	(394)	(226)
Total revenue	40,271	16,568

4 Operating profit / (loss)

	2012	2011
	€'000	€'000
Operating profit / (loss) is stated after charging / (crediting):		
Operating costs incurred by National Grid and recharged	8,035	5,097
Operating costs incurred by TenneT (2011: NLink) and recharged	(61)	2,723
Depreciation of tangible fixed assets	14,176	10,575
Amortisation of intangible fixed assets	450	336
Amortisation of grant funding	27	20
Operating lease charges - Other	136	133
Foreign exchange (gains) / losses	(406)	(463)
Services provided by the Company's auditor		
Fees payable for the audit	52	67

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2012

5 Tax profit / (loss) on ordinary activities

	2012	2011
	€'000	€'000
Current tax:		
UK corporation tax	(2,957)	(5,099)
Adjustments in respect of prior periods	(542)	(1)
Total current tax	<u>(3,499)</u>	<u>(5,100)</u>
Deferred tax:		
Origination and reversal of timing differences	4,575	2,789
Adjustments in respect of prior periods	873	(27)
Rate difference	(490)	(88)
Total deferred tax (note 11)	<u>4,958</u>	<u>2,674</u>
Tax charge / (credit) on profit / (loss) on ordinary activities	<u>1,459</u>	<u>(2,426)</u>

The rate difference arises from the reduction in the main rate of UK corporation tax from 25% to 23% enacted by Finance Act 2012 and deferred tax balances have therefore been reflected at this rate.

The tax assessed for the year is lower (2011: lower) than the standard rate of corporation tax in the UK for the year of 24.5% (2012: 26.5%). The differences are explained below:

	2012	2011
	€'000	€'000
Profit / (loss) on ordinary activities before taxation	<u>5,014</u>	<u>(9,391)</u>
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	1,228	(2,489)
Effect of:		
Permanent items	390	179
Capital allowances for year in excess of depreciation	(7,532)	(8,100)
Losses carried forward	2,957	5,311
Adjustments in respect of prior periods	(542)	(1)
Total current tax credit for the year	<u>(3,499)</u>	<u>(5,100)</u>

Factors that may affect future tax charges

A number of changes to the UK corporation tax system have been enacted in the Finance Act 2012. These changes included a reduction in the corporation tax rate from 26% to 24% from 1 April 2012. This change has been enacted at the balance sheet date and, as such, corporation tax has been pro-rated using these rates.

Further decreases in the corporation tax rate have been announced such as the reduction in the corporation tax rate to 23% from 1 April 2013, with a further 2% reduction to follow in the next year, which will result in a UK corporation tax rate of 21% from April 2014. The reduction to 23% had been enacted in Finance Act 2012 as at the balance sheet date and therefore year end deferred tax balances have been calculated at this rate. The proposed reduction of the main rate of corporation tax to 21% from 1 April 2014 will be enacted separately. The overall effect of this further change, if applied to the deferred tax balance at the balance sheet date, would be to further reduce the deferred tax liability by an additional €584,000.

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2012

6 Intangible assets

	Capacity trading capability €'000
Cost:	
At 1 January 2012	3,079
Additions	291
At 31 December 2012	3,370
Accumulated amortisation:	
At 1 January 2012	336
Charged to the profit and loss account	450
At 31 December 2012	786
Net book value:	
At 31 December 2012	2,584
At 31 December 2011	2,743

Development costs in respect of capacity trading capability are capitalised. From 1 April 2011 costs are amortised over a period of 7 years.

7 Tangible assets

	Freehold property €'000	Plant and machinery €'000	Fixtures and furniture €'000	Total €'000
Cost:				
At 1 January 2012	73,774	472,051	153	545,978
Additions	-	395	-	395
At 31 December 2012	73,774	472,446	153	546,373
Accumulated depreciation:				
At 1 January 2012	1,382	9,179	125	10,686
Charge for the year	1,844	12,304	28	14,176
At 31 December 2012	3,226	21,483	153	24,862
Net book value:				
At 31 December 2012	70,548	450,963	-	521,511
At 31 December 2011	72,392	462,872	28	535,292

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2012

8 Debtors

	2012	2011
	€'000	€'000
Amounts falling due within one year:		
Trade debtors	186	-
Amounts owed by group undertakings	14,752	12,342
Amount owed by associated companies related to current tax	8,598	5,099
Value added tax recoverable	381	7,392
Other debtors	5,000	134
Prepayments and accrued income	1,404	1,255
	<u>30,321</u>	<u>26,222</u>

9 Creditors: amounts falling due within one year

	2012	2011
	€'000	€'000
Trade creditors –Related Party	54	978
Trade creditors –Other	2,682	2,649
Amounts owed to group undertakings	429	1,938
Accruals and deferred income	5,051	3,579
	<u>8,216</u>	<u>9,144</u>

Amounts owed to related parties are unsecured, interest free and due on demand. Accruals and deferred income include capital accruals of €nil (2011: €587,000) relating to the value of work completed on construction contracts that have yet to be invoiced, principally related to the two main construction contracts.

10 Creditors: amounts falling due after more than one year

	2012	2011
	€'000	€'000
Deferred grant income	<u>1,028</u>	<u>1,055</u>

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2012

11 Provisions for liabilities and charges

	2012	2011
	€'000	€'000
Accelerated capital allowances	14,460	7,614
Other short term timing differences	(7,750)	(5,862)
Deferred tax liability	<u>6,710</u>	<u>1,752</u>
	2012	2011
	€'000	€'000
Deferred tax liability / (asset) brought forward	1,752	(922)
Adjustments in respect to prior years	873	(27)
Charge to profit and loss account	4,575	2,789
Credit to profit and loss account- impact of change in rate	(490)	(88)
Deferred tax liability at 31 March 2012	<u>6,710</u>	<u>1,752</u>

12 Called up share capital

	2012	2011
	€'000	€'000
Allotted, called up and fully paid		
1 (2011: 1) "A" share of €1	-	-
1 (2011: 1) "B" share of €1	-	-
284,500,000 (2011: 284,500,000) "C" shares of 1 euro each	284,500	284,500
284,500,000 (2011: 284,500,000) "D" shares of 1 euro each	284,500	284,500
	<u>569,000</u>	<u>569,000</u>

The A and B shares are equity shares and rank pari passu in all respects. The C and D shares are also equity shares and rank pari passu in all respects.

13 Reserves

	Profit and loss account
	€'000
At 1 January 2012	(8,974)
Profit for the financial year	3,555
At 31 December 2011	<u>(5,419)</u>

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2012

14 Reconciliation of movements in shareholders' funds

	2012 €'000	2011 €'000
Profit / (loss) for the financial year	3,555	(6,965)
Proceeds from issue of ordinary share capital	-	112,000
Net increase in shareholders' funds	3,555	105,035
Opening shareholders' funds	560,026	454,991
Closing shareholders' funds	563,581	560,026

15 Net cash inflow / (outflow) from operating activities

	2012 €'000	2011 €'000
Operating profit / (loss)	4,980	(9,522)
Depreciation of tangible fixed assets	14,176	10,575
Amortisation of intangible fixed assets	450	336
Increase in debtors	(600)	(14,922)
(Decrease) / increase in creditors	(368)	4,549
Net cash inflow / (outflow) from operating activities	18,638	(8,984)

16 Reconciliation of net cash

	2012 €'000	2011 €'000
At 1 January	7,720	12,381
Increase (decrease) in cash during the year	17,399	(4,661)
At 31 December	25,119	7,720

17 Financial commitments

At 31 December 2012 the Company had annual commitments for land and buildings under non-cancellable operating leases expiring as follows:

	2012 €'000	2011 €'000
Within 1 year	-	-
Within two to five years	155	155
After 5 years	590	590
	745	745

18 Related party transactions and ultimate parent company

BritNed Development Limited is a joint venture between National Grid International Limited and NLink International BV. Each company holds 50% of the issued share capital. The ultimate parent undertaking of National Grid International Limited is National Grid plc which is incorporated in Great Britain, and the ultimate parent undertaking of NLink International BV is TenneT Holdings BV which is incorporated in The Netherlands.

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2012

Related party purchases (being costs recharged to the company) are made up of actual costs incurred by NLink International BV and National Grid International Limited that are recharged to the company in respect of the development and operation of the interconnector link between the England and Wales electricity network and the Netherlands electricity network.

Related party debtors and creditors relate to invoices issued by BritNed Development Limited to National Grid International Limited and NLink International BV and by National Grid International Limited and NLink International BV to BritNed Development Limited respectively which as at 31 December 2012 were still outstanding. They also include funds held by related parties in respect of trading collateral.

Balances with related parties at 31 December 2012, together with the aggregate recharged made to and from related parties during the year were;

	Recharged in the year to 31 December 12	Creditor balance at the year end 31 December 12	Debtor balance at the year end 31 December 12
	€'000	€'000	€'000
Recharged from NG International Ltd	7,275	293	-
Recharged from NG Property Ltd	355	6	-
Recharged from NLink International BV	-	-	-
Recharged from TenneT	(152)	184	1,115
Recharged from APXEndex	292	-	12,142
Recharged from Elexon	2,258	-	1,495
Recharged from NG Insurance	532	-	-

	Recharged in the year to 31 December 11	Creditor balance at the year end 31 December 11	Debtor balance at the year end 31 December 11
	€'000	€'000	€'000
Recharged from NG International Ltd	6,848	1,548	510
Recharged from NG Property Ltd	242	6	-
Recharged from NLink International BV	1,923	271	-
Recharged from TenneT	2,299	891	828
Recharged from APXEndex	291	-	9,544
Recharged from Elexon	822	200	1,460
Recharged from NG Insurance	409	-	-

Balances at the year end to National Grid International Limited and to NLink International BV include cash advances paid to BritNed Development Limited.

Copies of the consolidated financial statements which include the results of BritNed Development Limited can be obtained from the Company Secretary, National Grid plc, 1-3 Strand, London WC2N 5EH and TenneT Holdings BV, Utrechtseweg 310, PO Box 718, NL6800 AS Arnhem, The Netherlands. BritNed Development Limited is owned in equal shares by National Grid International Limited and NLink International BV.

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2012

19 Related party transactions and ultimate parent company (continued)

The ultimate parent and controlling companies are National Grid plc and TenneT Holdings BV. The immediate parent companies are National Grid International Limited and NLink International BV.

The largest and smallest groups which include the Company and for which consolidated financial statements are prepared are headed by National Grid plc and National Grid International Limited which are registered in England and Wales and TenneT Holdings BV and NLink International BV which are registered in the Netherlands.

20 Post Balance Sheet Event

National Grid's 50% shareholding in BritNed was transferred from National Grid International Limited to National Grid Interconnector Holdings Limited on 5 June 2013 for a transfer value of €310 million.

On 19 June 2013, the Company reduced its share capital by €455.2m from €569m to €113.8m by the cancellation of €0.80 of each of the issued ordinary shares of €1 each. A declaration of solvency pursuant to Sections 642-644 of the Companies Act 2006 was duly made. Also on this date the Company paid an interim dividend of €40m in relation to the year ending 31 December 2013.