

BritNed Development Limited

Annual Report

and Financial Statements

For the year ended 31 December 2013

Company registration number: 4251409

BritNed Development Limited

Strategic Report

For the year ended 31 December 2013

The Directors present their strategic report on the Company for the year ended 31 December 2013.

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.

Review of the business

During 2013 the Company continued to operate the sub-sea interconnector between England and Wales and the Netherlands electricity networks.

Results and dividends

The profit for the financial year after taxation was €27,380,000 (2012 profit: €3,555,000).

The Directors approved and paid a dividend of €39,830,000 (2012: €nil) during the year.

Financial position

The financial position of the Company is presented in the balance sheet. Total shareholders' funds at 31 December 2013 were €551,131,000 (2012: €563,581,000) comprising total fixed assets of €508,809,000 (2012: €524,095,000) and net current assets of €57,265,000 (2012: €47,224,000).

BritNed operates a sub-sea cable between the UK and the Netherlands. The revenue of the Company generated is based on the price spread between the countries. This is one of the Company's principal risks, as when the price spread between the two countries converges, the revenue will also decrease. The other principal risk is the failure of the cable and therefore no flow of electricity would be possible, and thus no revenue would be generated.

During the year under review the price spread increased and therefore also the revenue generated. Compared to last year (2012), the revenue increased to € 69.3m compared to € 40.3m in 2012. The financial position of the Company is strong, with a positive outlook for the next few years as the spread between both countries based on the forward spread is positive.

Key Performance indicators (KPI's):

	2013	2012	Definition, method of calculation and analysis
Revenue and growth in revenue (€m/%)	€69,3m / 72 %	€40,3m / 143 %	Year on year sales growth expressed as a percentage. The year on year increase is a result of a higher market spread.
Number of unplanned outages Bipole / Monopole	2 / 4	3 / 3	Number of outages in one year for Bipole and Monopole. In total, this is the same number as in 2012, but better performance on Bipole, and reduced performance on Monopole.
SHES incidents (LTI's)	-	-	Number of safety incidents in one year. In both years none to be reported.

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

Heather Rayner
Secretary
28 March 2014

BritNed Development Limited

Directors' Report

For the year ended 31 December 2013

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2013.

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.

Directors

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

Lex Hartman

Guido Fricke

Graeme Steele (appointed 2 January 2014)

Peter Boreham (resigned 8 August 2013)

Terry McCormick (resigned 8 August 2013)

Chris Waters (appointed 8 August 2013)

Paul Johnson (appointed 8 August 2013, resigned 2 January 2014)

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 Strategic Report, 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.

BritNed Development Limited

Directors' Report (continued)

For the year ended 31 December 2013

Statement of directors' responsibilities (continued)

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.

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:

Heather Rayner
Secretary
28 March 2014

Registered office:
1-3 Strand
London
WC2N 5EH

Registered in England and Wales
Company registration number: 4251409

BritNed Development Limited

Independent auditors' report to the members of BritNed Development Limited Report on the financial statements

Our opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit 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.

This opinion is to be read in the context of what we say below.

What we have audited

The financial statements for the year ended 31 December 2013, which are prepared by BritNed Development Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). 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 Annual Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

BritNed Development Limited

Independent auditors' report to the members of BritNed Development Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 2 and 3, 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 ISAs (UK & 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.

Simon Evans (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
28 March 2014

BritNed Development Limited

Profit and loss account

For the year ended 31 December 2013

	Notes	2013 €'000	2012 €'000
Turnover	3	69,334	40,271
Administrative expenses		(31,675)	(35,291)
Operating profit	4	37,659	4,980
Bank interest receivable and similar income		165	65
Interest payable on overdue taxation and bank charges		(12)	(31)
Profit on ordinary activities before taxation		37,812	5,014
Tax on profit on ordinary activities	5	(10,432)	(1,459)
Profit for the financial year	13	27,380	3,555

The results reported above relate to continuing activities.

The Company has no recognised gains and losses other than the profit 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 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 2013

	Notes	2013 €'000	2012 €'000
Fixed assets			
Intangible assets	6	2,444	2,584
Tangible assets	7	506,365	521,511
		<u>508,809</u>	<u>524,095</u>
Current assets			
Debtors: amounts falling due within one year	8	21,240	30,321
Cash at bank and in hand		47,535	25,119
		<u>68,775</u>	<u>55,440</u>
Creditors			
Creditors: amounts falling due within one year	9	(11,510)	(8,216)
Net current assets		<u>57,265</u>	<u>47,224</u>
Total assets less current liabilities		566,074	571,319
Creditors: amounts falling due after more than one year	10	(1,999)	(1,028)
Provisions for liabilities	11	(12,944)	(6,710)
Net assets		<u>551,131</u>	<u>563,581</u>
Capital and reserves			
Called up share capital	12	113,800	569,000
Profit and loss account	13	437,331	(5,419)
Total shareholders' funds	14	<u>551,131</u>	<u>563,581</u>

The financial statements on pages 6 to 18 were approved by the Board of Directors on 28 March 2014 and signed on its behalf by:

AA Hartman
Director

C. Waters
Director

BritNed Development Limited

Cash flow statement

For the year ended 31 December 2013

	Notes	2013 €'000	2012 €'000
Net cash inflow from operating activities	15	62,832	18,638
Returns on investments and servicing of finance			
Interest received		165	65
Interest paid		(12)	(31)
		<u>153</u>	<u>34</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(384)	(982)
Purchase of intangible fixed assets		(355)	(291)
		<u>(739)</u>	<u>(1,273)</u>
Equity dividends paid			
Dividend paid	13	(39,830)	-
Increase in cash	16	<u>22,416</u>	<u>17,399</u>

BritNed Development Limited

Notes to the financial statements

For the year ended 31 December 2013

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 2013

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.

(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 2013

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 (2012: none).

3 Turnover

	2013 €'000	2012 €'000
Net explicit revenue	60,320	24,010
Net implicit revenue	9,424	16,655
Other transaction fees (APX, clearing fees)	(410)	(394)
Total revenue	69,334	40,271

4 Operating profit

	2013 €'000	2012 €'000
Operating profit is stated after charging / (crediting):		
Operating costs incurred by National Grid and recharged	5,071	8,035
Operating costs incurred by TenneT and recharged	1,713	(61)
Depreciation of tangible fixed assets	15,530	14,176
Amortisation of intangible fixed assets	495	450
Amortisation of grant funding	(101)	(27)
Operating lease charges - other	135	136
Foreign exchange losses / (gains)	707	(406)
Services provided by the Company's auditor		
Statutory audit fee	67	52
Other assurance services – grant claim	12	-

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2013

5 Tax on profit on ordinary activities

	2013	2012
	€'000	€'000
Current tax:		
UK corporation tax	-	(2,957)
Adjustments in respect of prior periods	13	-
Foreign Tax	4,185	(542)
Total current tax	4,198	(3,499)
Deferred tax:		
Origination and reversal of timing differences	8,173	4,575
Adjustments in respect of prior periods	(18)	873
Impact of change in tax rate	(1,921)	(490)
Total deferred tax (note 11)	6,234	4,958
Tax charge on profit on ordinary activities	10,432	1,459

The rate difference arises from the reduction in the main rate of UK corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015 enacted by Finance Act 2013. Deferred tax balances have been reflected at the rate they will reverse at. The tax assessed for the year is lower (2012: lower) than the standard rate of corporation tax in the UK for the year of 23.25% (2012: 24.5%). The differences are explained below:

	2013	2012
	€'000	€'000
Profit on ordinary activities before taxation	37,812	5,014
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	8,791	1,228
Effect of:		
Permanent items	355	390
Capital allowances for year in excess of depreciation	(5,358)	(7,532)
Utilisation of tax losses	(2,815)	-
Deduction of foreign tax	(973)	-
Losses carried forward	-	2,957
Adjustments in respect of prior periods	13	(542)
Foreign tax suffered	4,185	-
Total current tax credit for the year	4,198	(3,499)

Factors that may affect future tax charges

A number of changes to the UK corporation tax system have been enacted in the Finance Act 2013. These changes included a reduction in the corporation tax rate from 24% to 23% from 1 April 2013. 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 with a reduction in the corporation tax rate to 21% from 1 April 2014, with a further 1% reduction to follow in the next year, which will result in a UK corporation tax rate of 20% from April 2015. The reduction to 21% and 20% had been enacted in Finance Act 2013 as at the balance sheet date; the deferred tax balances have been calculated at this rate at which they will reverse.

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2013

6 Intangible assets

	Capacity trading capability €'000
Cost:	
At 1 January 2013	3,370
Additions	355
At 31 December 2013	3,725
Accumulated amortisation:	
At 1 January 2013	786
Charged to the profit and loss account	495
At 31 December 2013	1,281
Net book value:	
At 31 December 2013	2,444
At 31 December 2012	2,584

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 2013	73,774	472,446	153	546,373
Additions	-	384	-	384
At 31 December 2013	73,774	472,830	153	546,757
Accumulated depreciation:				
At 1 January 2013	3,226	21,483	153	24,862
Charge for the year	1,846	13,684	-	15,530
At 31 December 2013	5,072	35,167	153	40,392
Net book value:				
At 31 December 2013	68,702	437,663	-	506,365
At 31 December 2012	70,548	450,963	-	521,511

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2013

8 Debtors

	2013	2012
	€'000	€'000
Amounts falling due within one year:		
Trade debtors	70	186
Amounts owed by related undertakings	14,810	14,752
Amount owed by associated companies related to current tax	4,398	8,598
Value added tax recoverable	276	381
Other debtors	2	5,000
Prepayments and accrued income	1,684	1,404
	<u>21,240</u>	<u>30,321</u>

9 Creditors: amounts falling due within one year

	2013	2012
	€'000	€'000
Trade creditors – related parties	290	54
Trade creditors – other	2,522	2,682
Amounts owed to related undertakings	172	429
Accruals and deferred income	8,526	5,051
	<u>11,510</u>	<u>8,216</u>

Amounts owed to related parties are unsecured, interest free and due on demand. Accruals and deferred income include capital accruals of € nil (2012: €nil) 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

	2013	2012
	€'000	€'000
Deferred grant income	<u>1,999</u>	<u>1,028</u>

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2013

11 Provisions for liabilities and charges

	2013 €'000	2012 €'000
Accelerated capital allowances	17,461	14,460
Other short term timing differences	(4,517)	(7,750)
Deferred tax liability	<u>12,944</u>	<u>6,710</u>
	2013 €'000	2012 €'000
Deferred tax liability at 1 January	6,710	1,752
Charged to profit and loss account	6,234	4,958
Deferred tax liability at 31 December	<u>12,944</u>	<u>6,710</u>

12 Called up share capital

	2013 €'000	2012 €'000
Allotted, called up and fully paid		
1 (2012: 1) "A" share of £1	-	-
1 (2012: 1) "B" share of £1	-	-
284,500,000 (2012: 284,500,000) "C" shares of 0.2 euro each	56,900	284,500
284,500,000 (2012: 284,500,000) "D" shares of 0.2 euro each	56,900	284,500
	<u>113,800</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.

On 11 July 2013, following a special resolution, the nominal value of C and D shares was reduced from 1 Euro to 20 Cents by way of a reduction of capital under Sections 642 to 644 of the Companies Act 2006 which included a declaration of solvency. The surplus of €455,200,000 arising from this capital reduction was credited to the profit and loss account (see note 13).

13 Reserves

	Profit and loss account €'000
At 1 January 2013	(5,419)
Capital reduction (see note 12)	455,200
Profit for the financial year	27,380
Dividend paid (7.0 cent per C and D share)	(39,830)
At 31 December 2013	<u>437,331</u>

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2013

14 Reconciliation of movements in shareholders' funds

	2013 €'000	2012 €'000
Profit for the financial year	27,380	3,555
Dividend paid in the year	<u>(39,830)</u>	-
Net (decrease) / increase in shareholders' funds	(12,450)	3,555
Opening shareholders' funds	<u>563,581</u>	560,026
Closing shareholders' funds	<u>551,131</u>	<u>563,581</u>

15 Net cash inflow from operating activities

	2013 €'000	2012 €'000
Operating profit	37,659	4,980
Depreciation of tangible fixed assets	15,530	14,176
Amortisation of intangible fixed assets	495	450
Decrease in debtors	4,882	(600)
Increase / (decrease) in creditors	<u>4,266</u>	<u>(368)</u>
Net cash inflow from operating activities	<u>62,832</u>	<u>18,638</u>

16 Reconciliation of net cash

	2013 €'000	2012 €'000
At 1 January	25,119	7,720
Increase in cash during the year	<u>22,416</u>	17,399
At 31 December	<u>47,535</u>	<u>25,119</u>

17 Financial commitments

At 31 December 2013 the Company had annual commitments for land and buildings under non-cancellable operating leases expiring as follows:

	2013 €'000	2012 €'000
Within 1 year	-	-
Within two to five years	155	155
After 5 years	<u>590</u>	590
	<u>745</u>	<u>745</u>

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2013

18 Related party transactions and ultimate parent Company

During the year, BritNed Development Limited was a joint venture between National Grid International Limited and NLink International BV until 20 June 2013 when National Grid International Limited sold their shares totalling 50% of the company to National Grid Interconnector Holdings Limited. At the year end, each Company holds 50% of the issued share capital. The ultimate parent undertaking of National Grid Interconnector Holdings 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.

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 2013 were still outstanding. They also include funds held by related parties in respect of trading collateral.

Balances with related parties at 31 December 2013, together with the aggregate recharged made to and from related parties during the year were;

	Recharged in the year to 31 December 13	Creditor balance at the year end 31 December 13	Debtor balance at the year end 31 December 13
	€'000	€'000	€'000
Recharged from NG Interconnector Holdings Ltd	2,785	-	-
Recharged from NG Property Holdings	(6)	-	-
Recharged from NG Insurance Company (Isle of Man) Ltd	2,073	-	-
Recharged from NG Insurance Company (Ireland) Ltd	5	-	-
Recharged from NLink International BV	9	-	-
Recharged from TenneT TSO BV	1,112	401	982
Recharged from APX Holding BV	592	61	12,365

	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 Holdings	355	6	-
Recharged from NLink International BV	-	-	-
Recharged from TenneT TSO BV	(152)	184	1,115
Recharged from APXEndex BV	292	-	12,142
Recharged from NG Insurance	532	-	-

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2013

18 Related party transactions and ultimate parent Company (continued)

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 By, Utrechtseweg 310, PO Box 718, NL6800 AS Arnhem, The Netherlands, BritNed Development Limited is owned in equal shares by National Grid Interconnector Holdings Limited and NLink International BV.

The ultimate parent and controlling companies are National Grid plc and TenneT Holdings By. The immediate parent companies are National Grid Interconnector Holdings 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 Interconnector Holdings Limited which are registered in England and Wales and TenneT Holdings BV and NLink International BV which are registered in the Netherlands.