

BritNed Development Limited

Annual Report

and Financial Statements

For the year ended 31 December 2016

Company registration number: 4251409

BritNed Development Limited

Strategic Report for the year ended 31 December 2016

The Directors present their strategic report on the Company for the year ended 31 December 2016.

The Company is a single entity, domiciled in the UK and registered in England and Wales. The address of the registered office is:

1-3 Strand
London
WC2N 5EH

Review of the business

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

The revenue of the Company is generated 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. Revenue has increased to €208.3m compared to €205.3m in 2015. 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.

Results

The profit for the financial year was €133.0m (2015: €141.4m).

Financial position

The financial position of the Company is presented in the balance sheet. Total shareholders' funds at 31 December 2016 were €467.3m (2015: €499.3m) comprising total fixed assets of €463.4m (2015: €478.9m), creditors due after one year of €1.8m (2015: €1.9m) and deferred tax liabilities of €11.2m (2015: €11.6m).

Key performance indicators

The following key performance indicators are noted:

	2016	2015	Definition, method of calculation and analysis
Revenue and growth in revenue (€m/%)	€208.3m / 1.5%	€205.3m / 77%	Year on year sales growth expressed as a percentage. The year on year increase is a result of a higher market spread offsetting lower income from ancillary services.
Number of unplanned outages Bipole / Monopole	1/3	0 / 2	Number of outages in one year for Bipole and Monopole. During 2016 there was a short Bipole outage and three monopole outages
SHES incidents (LTI's)	-	-	Number of safety incidents in one year. In both years none to be reported.

BritNed Development Limited
Strategic Report (continued)
for the year ended 31 December 2016

Future developments

For the foreseeable future the Directors believe the Company will continue its principal activity of the operation of a sub-sea interconnector link between England and Wales and the Netherlands electricity networks.

The Strategic Report was approved by the Board and signed on its behalf by:

Alice Morgan
Company Secretary
12 April 2017

BritNed Development Limited

Directors' Report for the year ended 31 December 2016

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2016.

Future developments

Details of future developments have been included within the Strategic Report on page 2.

Dividends

The Directors approved and paid dividends of €165.0m (2015: €159.3m) during the year.

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.

Credit risk

Credit risk is defined as the risk that a counterparty will not meet its obligations, leading to a financial loss for BritNed. The credit risk on trade receivables is very limited as all credit risks are secured by means of Letters of Credit or cash deposits in business accounts.

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 economic hedging but does perform currency swaps with National Grid Holding One plc, an entity wholly owned by National Grid PLC.

Directors

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

Lex Hartman
Guido Fricke
Nicholas Sides
Jonathon Butterworth

BritNed Development Limited

Directors' Report (continued) for the year ended 31 December 2016

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 National Grid Directors may incur in the course of their professional duties. Alongside these indemnities, National Grid places Directors' and Officers' liability insurance for each National Grid Director.

Qualifying third party indemnity was in force during the financial year and at the date of approval of the financial statements.

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 Annual Report and the financial statements in accordance with applicable law and regulation.

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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 2016

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.

Modern Slavery Act

The Modern Slavery Act, which came into effect in 2015, has meant that the Company is reviewing the processes used with suppliers to address human rights risks in the Company's supply chain.

There is an increasing, and welcome, focus on human rights and The Modern Slavery Act 2015 means the Company must examine the potential risk of both modern slavery and human trafficking in the supply chain.

The Directors Report was approved by the Board and signed on its behalf by:

Alice Morgan

Company Secretary
12 April 2017

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, BritNed Development Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2016;
- the Income statement for the year then ended;
- the Cash flow statement for the year then ended;
- the Statement of changes in equity 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 the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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 to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not 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 page 4, 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) ("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.

What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Richard French (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 April 2017

BritNed Development Limited

Income statement for the year ended 31 December 2016

	Note	2016 (€m)	2015 (€m)
Revenue	4	208.3	205.3
Administrative expenses	5	(39.5)	(32.3)
Operating profit		168.8	173.0
Finance income	6	0.3	0.3
Profit before tax		169.1	173.3
Taxation	7	(36.1)	(31.9)
Profit for the year		133.0	141.4

The results reported above relate to continuing activities.

There are no recognised gains and losses for the financial years other than those included above. Accordingly, no separate statement of other comprehensive income is presented.

BritNed Development Limited

Balance Sheet as at 31 December 2016

	Note	2016 (€m)	2015 (€m)
Assets			
Non-current assets			
Property, plant and equipment	8	462.1	476.8
Intangible assets	9	1.3	2.1
		463.4	478.9
Current assets			
Trade and other receivables	10	13.0	17.7
Cash and cash equivalents		45.6	47.1
		58.6	64.8
Total assets		522.0	543.7
Equity and liabilities			
Non-current liabilities			
Other non-current liabilities	12	1.8	1.9
Deferred tax liabilities	13	11.2	11.6
		13.0	13.5
Current liabilities			
Trade and other payables	11	41.7	30.9
		41.7	30.9
Total liabilities		54.7	44.4
Equity			
Ordinary shares	14	113.8	113.8
Retained earnings	14	353.5	385.5
Total equity		467.3	499.3
Total equity and liabilities		522.0	543.7

The financial statements on pages 8 to 24 were approved by the Board of Directors on 12 April 2017 and signed on its behalf by:

Guido Fricke
Director

Nicholas Sides
Director

BritNed Development Limited

Statement of changes in equity for the year ended 31 December 2016

	Note	Ordinary shares (€m)	Retained earnings (€m)	Total equity (€m)
Balance as at 1 January 2015	14	113.8	403.4	517.2
Profit for the year			141.4	141.4
Dividends paid	14		(159.3)	(159.3)
Balance as at 31 December 2015		113.8	385.5	499.3

	Note	Ordinary shares (€m)	Retained earnings (€m)	Total equity (€m)
Balance as at 1 January 2016	14	113.8	385.5	499.3
Profit for the year			133.0	133.0
Dividends paid	14		(165.0)	(165.0)
Balance as at 31 December 2016		113.8	353.5	467.3

BritNed Development Limited

Cash flow statement for the year ended 31 December 2016

	Notes	2016 (€m)	2015 (€m)
Cash flows from operating activities			
Profit before tax		169.1	173.3
<i>Adjustment for:</i>			
Depreciation and amortisation of assets	8,9	15.6	15.6
<i>Changes in working capital:</i>			
Decrease/(Increase) in trade and other receivables	10	4.7	(1.1)
Increase in trade and other payables	11	3.1	3.5
Cash generated from operations		192.5	191.3
Tax paid		(28.8)	(26.7)
Net cash generated from operating activities		163.7	164.6
Cash flows from investment activities			
Purchase of tangible and intangible fixed assets	8,9	(0.2)	(0.8)
Net cash flows used in investing activities		(0.2)	(0.8)
Cash flows from finance activities			
Dividends paid to equity holders of the Company	14	(165.0)	(159.3)
Net cash flows from financing activities		(165.0)	(159.3)
Net (decrease)/increase in cash and cash equivalents		(1.5)	4.5
Cash and cash equivalents at beginning of year		47.1	42.6
Cash and cash equivalents at end of year		45.6	47.1

BritNed Development Limited

Notes to the financial statements for the year ended 31 December 2016

1 Accounting policies

(a) Basis of preparation

These financial statements have been prepared on the going concern basis in accordance with applicable International Financial Reporting Standards (“IFRSs”) as adopted by the European Union and the Companies Act 2006. They have been prepared on a historical cost basis and are presented in Euros and rounded to the nearest million (€000,000) except when otherwise indicated. The Euro is the currency of the primary economic environment in which the Company operates. Accounting policies have been applied consistently.

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) Revenue recognition

Revenue 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. Other revenue reflects the value of the frequency response service and other minor ancillary services such as intertrip services excluding value added tax and other sales taxes.

(d) Property, plant and equipment and depreciation

Property, plant and equipment 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. Property, plant and equipment 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.

(e) 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 2016

1 Accounting policies (continued)

(f) Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to ensure the Company continues to operate with no debt.

The Company manages cash as capital and can adjust the capital structure by adjusting the amount of dividends paid to shareholders.

The Company monitors capital on the basis of retained cash. During 2016, the Company's strategy, which has remained unchanged from 2015, was to maintain a consistent level of cash to meet its obligations.

(g) Collateral

Cash and cash equivalents includes cash deposits held at call with banks. In the balance sheet, cash collateral held by third parties is shown within other amounts receivable in current assets.

(h) 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 income statement.

(i) European Union Grant Funding

BritNed Development Limited received project funding from the European Union during the construction phase of the interconnector. European Union grant funding that relates to specific capital expenditure is treated as deferred income which is then credited to the income statement over the useful life of the interconnector.

(j) Provisions

Provisions are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

BritNed Development Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

1 Accounting policies (continued)

(k) Taxation

Current tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amounts are those that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided for using the balance sheet liability method and is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised on all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction (other than a business combination) that affects neither the accounting nor the taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

(l) New standards, amendments and interpretations not yet adopted

The International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) have issued the following new or revised standards and interpretations, which are relevant to the Company, with an effective date for the financial periods beginning on or after the dates disclosed below.

IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 16	Leases – lessees will have to recognise a lease liability reflecting future lease payments and ‘right-of-use’ assets	1 January 2019

The adoption of IFRS 16 ‘Leases’ is expected to change the measurement and disclosure given in respect of borrowings reported in the financial statements. The Directors are still assessing the impact of both IFRS 15 and IFRS 16.

BritNed Development Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

2 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

a) Critical judgements

Capped return on investment

The Company is subject to a capped return on its investment in the interconnector asset in relation to the exemption from article 6(6) of the EC regulation 1228/2003.

The position of the Company in relation to the capped return on investment requires judgement. At this time, profits are below the capped level and there is no clear view that profits will exceed the maximum allowed returns in the future.

Long term performance forecasting is inherently difficult and subjective in any interconnector business. Revenue forecasts are dependent on factors such as the supply and demand for power across Europe, future levels of interconnection, generation mix and wider energy policies as well as legislative changes.

At this time, as no present obligation exists and there is no certainty surrounding a future obligation, no adjustments have been made. This judgemental area will continue to be reviewed and updated as and when necessary.

b) Key accounting estimates

Useful economic life

Depreciation is calculated using the straight-line depreciation method to allocate costs to the assets' residual values over their estimated useful lives. The depreciation of the cable is calculated over a 40 year useful economic life.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any changes is accounted for prospectively.

BritNed Development Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

3 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 or Tennet group undertakings. 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 (2015: none).

4 Revenue

	2016 (€m)	2015 (€m)
Net explicit revenue	174.0	158.7
Net implicit revenue	20.4	18.4
Other revenue	13.9	28.2
Total	208.3	205.3

5 Administration expenses

5.1 Expenses by nature

Administration expenses can be broken down as follows:

	2016 (€m)	2015 (€m)
Depreciation	14.9	14.9
Amortisation	0.7	0.7
Personnel costs	5.2	4.1
Operating lease rentals	2.6	2.7
Foreign exchange (gains)/losses	3.8	(0.5)
Insurance	4.2	3.9
Other costs	8.1	6.5
	39.5	32.3

5.2 Auditors remuneration

During the year the company obtained the following services from the independent auditors:

	2016 (€'000)	2015 (€'000)
Audit of the financial statements	50	56
Non audit services – tax compliance	2	-
Total auditors' remuneration	52	56

6 Finance income and expenses

	2016 (€m)	2015 (€m)
Interest receivable and similar income	0.3	0.3
Total	0.3	0.3

BritNed Development Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

7 Income Tax Expense

	2016 (€m)	2015 (€m)
Current tax:		
UK corporation tax	15.5	15.8
UK corporation tax adjustment in respect of prior years	(0.1)	(1.0)
Overseas corporation tax	21.1	21.8
Total current tax	36.5	36.6
Deferred tax:		
UK deferred tax	0.2	0.5
UK deferred tax adjustment in respect of prior years	0.1	(3.8)
Impact of change in tax rate	(0.7)	(1.4)
Total deferred tax (note 13)	(0.4)	(4.7)
Total tax charge	36.1	31.9
The tax charge for the year is higher (2015: lower) than the standard rate of corporation tax in the UK for the year of 20% (2015: 20.25%)		
	2016 (€m)	2015 (€m)
Profit before tax	169.1	173.3
Profit before tax multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	33.8	35.1
Effect of:		
Permanent items	0.3	0.3
Deferred tax impact of change in UK tax rate	(0.7)	(1.4)
Unrelieved foreign tax	2.7	2.7
Adjustments in respect of prior years	-	(4.8)
Total tax charge for the year	36.1	31.9

Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 were enacted on 26 October 2015. A further reduction in the UK corporation tax rate to 17% from 1 April 2020 was enacted during the year and has resulted in a decrease to UK deferred tax liabilities.

BritNed Development Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

8 Property, plant and equipment

	Freehold property (€m)	Plant and Machinery (€m)	Fixtures and fittings (€m)	Total (€m)
Cost				
At 1 January 2016	73.8	473.4	0.1	547.3
Additions	-	0.2	-	0.2
At 31 December 2016	73.8	473.6	0.1	547.5
Accumulated depreciation				
At 1 January 2016	8.8	61.6	0.1	70.5
Charge for the year	1.8	13.1	-	14.9
At 31 December 2016	10.6	74.7	0.1	85.4
Net book value:				
At 31 December 2015	65.0	411.8	-	476.8
At 31 December 2016	63.2	398.9	-	462.1

9 Intangible assets

	Software (€m)
Cost:	
At 1 January 2016	4.7
Disposals	(0.1)
At 31 December 2016	4.6
Amortisation and impairment	
At 1 January 2016	2.6
Charge for the year	0.7
At 31 December 2016	3.3
Net book value:	
At 31 December 2015	2.1
At 31 December 2016	1.3

BritNed Development Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

10 Trade and other receivables

Trade and other receivables can be broken down as follows:

	2016 (€m)	2015 (€m)
Trade receivables	0.9	0.1
Amounts owed by group undertakings	4.0	13.7
Other amounts receivable	7.4	1.7
Prepayments and accrued income	0.7	2.2
Total	13.0	17.7

Amounts owed from related parties are unsecured, interest free and due on demand.

11 Trade and other payables

Trade and other payables can be broken down as follows:

	2016 (€m)	2015 (€m)
Trade payables	1.8	0.6
Amounts owed to group undertakings	1.9	1.0
Corporation tax payable	22.3	14.6
Other taxes and social security	-	0.5
Accruals and deferred income	15.7	14.2
Total	41.7	30.9

Amounts owed to related parties are unsecured, interest free and due on demand.

12 Other non-current liabilities

	2016 (€m)	2015 (€m)
Deferred grant income	1.8	1.9
Total	1.8	1.9

BritNed Development Limited received project funding from the European Union during the construction phase of the interconnector. European Union grant funding that relates to specific capital expenditure is treated as deferred income which is then credited to the income statement over the useful life of the interconnector.

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Notes to the financial statements (continued) for the year ended 31 December 2016

13 Deferred tax liabilities

	Accelerated tax depreciation (€m)
Deferred tax liabilities	
At 1 January 2016	11.6
Credited to income statement	(0.4)
At 31 December 2016	11.2

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

14 Equity attributable to owners of the company

	2016 (€m)	2015 (€m)
Allotted, called up and fully paid		
1 (2015: 1) "A" share of £1	-	-
1 (2015: 1) "B" share of £1	-	-
284,500,000 (2015: 284,500,000) "C" shares of 0.2 euro each	56.9	56.9
284,500,000 (2015: 284,500,000) "D" shares of 0.2 euro each	56.9	56.9
	113.8	113.8
Retained earnings		
Reserves	220.5	244.1
Profit for the year	133.0	141.4
	353.5	385.5
Total equity	467.3	499.3

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.

Dividend distribution

In 2016 the Company distributed a €165.0 million common dividend (€0.29 per share) to its ordinary shareholder.

	2016	2015
Dividend (€m)	165.0	159.3
Dividend per share (€)	0.29	0.28

BritNed Development Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

15 Lease commitments

Operating lease commitments

The Company has entered into lease commitments for the land of the two converter stations in Grain and Maasvlakte and for office building and apartments. The future minimum lease payable under non-cancellable leases are as follows:

	2016 (€m)	2015 (€m)
Falling due before 1 year	0.6	0.7
Between 2 and 5 years	1.8	2.2
After more than 5 years	3.3	4.3
Total	5.7	7.2

16 Financial assets and financial liabilities

Loans and receivables	2016 (€m)	2015 (€m)
Trade and other receivables excluding pre-payments	13.0	15.5
Cash and cash equivalents	45.6	47.1
Total	58.6	62.6

Liabilities at amortised cost	2016 (€m)	2015 (€m)
Trade and other payables excluding non-financial liabilities	26.0	16.7
Total	26.0	16.7

(a) Trade and other receivables

Trade receivables and other receivables are amounts due from customers for services performed in the normal course of business.

Due to the short-term nature of the trade receivables, their carrying amount is assumed to be the same as their fair value.

Information about the exposure to credit risk, foreign exchange risk and liquidity risk can be found in the Directors' Report on page 3.

(b) Trade and other payables

Trade payables are unsecured, interest free and due on demand.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

BritNed Development Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

17 Related parties

The Company has the following related parties:

Parent Companies

During the year, BritNed Development Limited was a joint venture between National Grid Interconnector Holdings Limited and NLink International B.V. with each Company holding 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 B.V. is TenneT Holding B.V. which is incorporated in the Netherlands.

Balances with related parties at 31 December 2016, together with the aggregate recharge made to and from related parties during the year were:

- National Grid Interconnector Holdings Limited
- National Grid Electricity Transmission (NGET) plc
- National Grid Property Holdings Limited
- National Grid Insurance Company (Isle of Man) Limited
- National Grid Insurance Company (Ireland) Limited
- NLink International B.V.
- TenneT TSO B.V.
- EPEX Spot S.E. (April 2015 APX Holding B.V. integrated with EPEX Spot S.E.)

BritNed Development Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

17 Related parties (continued)

	Recharged in the year to 31 December 2016	Creditor balance at the year end 31 December 2016	Debtor balance at the year end 31 December 2016
	€m	€m	€m
Recharged from National Grid Interconnector Holdings Limited	4.5	1.2	-
Recharged to National Grid Electricity Transmission Plc	(13.6)	0.1	2.0
Recharged from National Grid Insurance Company (Isle of Man) Limited	4.0	-	1.0
Recharged from National Grid Insurance Company (Ireland) Limited	-	-	-
Recharged from NLink International B.V.	-	-	-
Recharged from TenneT TSO B.V.	3.0	0.3	1.0
Recharged from EPEX Spot S.E	1.2	0.3	-

	Recharged in the year to 31 December 2015	Creditor balance at the year end 31 December 2015	Debtor balance at the year end 31 December 2015
	€m	€m	€m
Recharged from National Grid Interconnector Holdings Limited	3.3	0.4	1.9
Recharged to National Grid Electricity Transmission Plc	(24.9)	-	-
Recharged from National Grid Insurance Company (Isle of Man) Limited	3.8	-	-
Recharged from National Grid Insurance Company (Ireland) Limited	-	-	-
Recharged from NLink International B.V.	-	-	-
Recharged from TenneT TSO B.V.	4.0	0.6	0.9
Recharged from APX Holding B.V.	0.6	-	10.9

BritNed perform currency swaps with National Grid Holdings One plc an entity wholly owned by National Grid plc. There are no open swaps at year end, the total value of swaps during 2016 was €148.3m (2015: €73.8m).

National Grid plc has arranged qualifying third party indemnities against financial exposure that National Grid Directors may incur in the course of their professional duties. Alongside these indemnities, National Grid places Directors' and Officers' liability insurance for each National Grid Director. No recharges were made to National Grid for these services.

BritNed Development Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

18 Ultimate parent undertaking and controlling party

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 B.V., 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 B.V..

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

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