

**BritNed Development Limited**

**Annual Report**

**and Financial Statements**

**For the year ended 31 December 2019**

Company registration number: 4251409

**BritNed Development Limited**

**Strategic Report**  
**for the year ended 31 December 2019**

The Directors present their strategic report on BritNed Development Limited ('the Company', 'BritNed') for the year ended 31 December 2019.

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 the electricity networks of Great Britain and the Netherlands.

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.

GBP prices have fallen due to a significant drop in gas prices over the year resulting from a gas oversupply in Europe. In addition, the uncertainty around Brexit over the year led to huge swings in the exchange rate which also impacted GBP prices. In the Netherlands, the gas price has been cushioned through coal to gas switching driven by an increase in carbon prices which has made the economics of gas more favourable than coal. This has resulted in narrower price spreads and, as a result, revenue generated has decreased. Revenue has fallen to €82.8m compared to €106.6m in 2018. The financial position of the Company continues to be strong, with profits continuing to be projected for the next few years in line with the current market spread trends.

A large focus for BritNed over the last couple of years has been around Brexit planning to ensure contingency plans are in place to ensure that regulators and other involved authorities will not take decisions that are detrimental to the unique situation of BritNed. The Directors continue to monitor the developments of the UK exiting the European Union.

The other principal risk facing the Company is the failure of the cable and therefore no flow of electricity would be possible, and thus no revenue would be generated. An asset management and replacement plan is in place to mitigate the risk of this occurring. In addition, property damage and business interruption insurance is held to enable the business to recover financial losses.

BritNed have been in litigation with the contractors of the cable, ABB. Following a trial in 2018, BritNed were awarded damages of €15,033,515 (including interest) which were received in November 2018. At the time it was decided to defer this amount on the balance sheet as a liability until a final decision on the claim appeal was made and greater clarity of the ultimate outcome was known.

Both parties appealed the outcome and an appeal was heard in the Court of Appeal in July 2019. The Appeal Court decision was handed down on 30th October 2019.

ABB appealed the award of damages for "Cartel Savings". ABB successfully argued that the judge was not entitled to award damages to BritNed as savings made by ABB resulting from its participation in the cartel did not cause BritNed to suffer any loss.

BritNed appealed on 7 grounds however, BritNed lost all these points at Appeal.

Following the Appeal outcome BritNed paid to ABB €6,399,972 representing the value of the original "Cartel Savings" award and associated interest for the c 12-month period.

**BritNed Development Limited**  
**Strategic Report (continued)**  
**for the year ended 31 December 2019**

Given that ABB won their point of appeal and BritNed lost theirs, ABB was awarded the costs for their appeal hearing. As at 31st December 2019 these costs were still being negotiated between both parties so an accrual for £560,000 (€658,204) was made based on the latest offer from ABB.

Consequently, the deferred €15million liability has been released, and net proceeds of €8million has been treated as exceptional income on the P&L in the period.

No further appeal will be pursued with the Supreme Court.

During the year, revenue through the capacity market was reintroduced for the delivery year 2019/20 covering the period from 1 October 2019 to 31 September 2020. Interconnectors were unable to participate into the auction for delivery year 2018/19, so no revenue had been received for the 12 month period prior to 1 October 2019. The Capacity Market is a mechanism introduced by the Government to ensure that electricity supply continues to meet demand as more volatile and unpredictable renewable generation plants come on stream.

BritNed transitioned over to the Single Allocation Platform (SAP) and the Regional Nomination Platform (RNP) in November 2019 as the nomination platform for capacity allocation. This was done in order to comply with the Forward Capacity Allocation (FCA) code which was agreed by the Regulators. In addition to this, improvements were made to the intraday trading design in the Kingdom system to allow for trading closer to real time delivery enabling the business to potentially capture revenue from the short notice price deviations. This was implemented in December 2019.

#### **Post Balance Sheet Event**

The risk of the ongoing pandemic of coronavirus disease (COVID-19) is being actively managed by the company, ensuring the asset and required commercial frameworks remain operational and that employees remain safe. At this time, no significant issues have occurred as a result of COVID 19 however, engagement with the supply chain and scenario planning continues to ensure any emerging risks are identified and remediated. The company is highly cash generative and remains debt free, hence the impact of COVID 19 has not led to liquidity issues. The impact of COVID 19 on power prices in both countries is being closely monitored by the BritNed Auction Committee and any changes required to auction strategy will be implemented accordingly.

#### **Results**

The profit for the financial year was €50.4m (2018: €61.4m).

#### **Financial position**

The financial position of the Company is presented in the balance sheet. Total equity funds at 31 December 2019 were €447.0m (2018: €453.5m) comprising total non-current assets of €454.2m (2018: €432.8m), other non-current liabilities of €1.7m (2018: €1.7m), the impact from IFRS 16 implementation in 2019 in lease liabilities of €36.9m, deferred tax liabilities of €10.2m (2018: €10.9m) and net current assets of €41.7m (2018: €33.3m).

## BritNed Development Limited

### Strategic Report (continued) for the year ended 31 December 2019

#### Key performance indicators

The following key performance indicators are noted:

	2019	2018	Definition, method of calculation and analysis
Revenue and growth in revenue (€m / %)	€ 90.8 / (15%)	€ 106.6 / (27%)	Year on year sales growth expressed as a percentage. The year on year decrease is a result of a lower market spread.
Number of unplanned outages Bipole / Monopole	2 / 2	2 / 7	Number of outages in one year for Bipole and Monopole. The Issues identified in 2018 relating to the valve cooling system were mitigated resulting in higher availability in 2019. 2019 availability including planned and unplanned outages was 98.6% vs 98.3% in 2018.
SHES incidents (LTIs)		-	Number of safety incidents in one year. In both years none to be reported.

#### 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 the electricity networks of Great Britain and the Netherlands.

#### S172 Statement

This report sets out how the Directors comply with the requirements of Section 172 of the Companies Act 2006 and how these requirements have impacted the Board's decision making throughout the reporting period.

The Board delegates day to day management and decision making to the Management Team. Both the Board and the Management team comprise an equal mix of personnel from the parent companies. Each year a review of the company's strategy and business plan for the following three years is undertaken by the Management Team for challenge, review and approval by the Board. This plan includes the medium to long term direction for the company taking account of the internal and external environment, as well as setting the performance targets for the three years ahead. Once approved by the Board, this plan underpins the day to day operation of the business actively managed through embedded governance structures. Outside of the formal Board meetings the Directors maintain oversight of the company's performance through the receipt of monthly performance reports to ensure management is acting in accordance with the strategy and plans agreed by the Board, and its delegated authorities.

The Board operates a forward agenda of standing items appropriate to the Company's operating reporting cycles and commensurate with the operational challenges facing the business. Items requiring approval by the Board are clearly defined within the Joint Venture Agreement.

Engaging with stakeholders to deliver long term success is a key area of focus for the Board and all decisions take into account the impact on stakeholders. The following paragraphs summarise how this is carried out:

**BritNed Development Limited**  
**Strategic Report (continued)**  
**for the year ended 31 December 2019**

**S172 Statement (continued)**

**Engaging with our employees**

The wellbeing and safety of our employees from the parent companies is a primary consideration in how we do business. To do this we ensure the company has one set of values to inform and guide behaviour so we can achieve the goals of the company in the right way. A focus on people has been included in the company performance framework and will be actively managed / reported as a result. All team members within BritNed are involved in the periodic refresh of those values.

**Business Relationships**

The Board members regularly promote the benefits of interconnection within industry and government.

**Shareholders**

The Directors also understand the importance of the need to act fairly between the shareholders of the company with fair representation from each parent company.

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

**Megan Barnes**

Company Secretary

7 May 2020

**BritNed Development Limited**  
**Directors' Report**  
**for the year ended 31 December 2019**

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2019.

**Future developments**

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

**Dividends**

The Directors approved and paid dividends of €56.9m (2018: €68.3m) 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, credit 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 the Company. The credit risk on trade receivables is very limited as all material 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 Holdings One plc, an entity wholly owned by National Grid plc (referred to as National Grid).

**Directors**

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

Jan-Paul Dijckmans (appointed 1st October 2019)  
Guido Fricke  
Nick Sides  
Jonathan Butterworth  
Alexander Hartman (resigned 1st October 2019)

# **BritNed Development Limited**

## **Directors' Report (continued) for the year ended 31 December 2019**

### **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 required 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 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.

The Directors are responsible for keeping adequate 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 responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **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.

# **BritNed Development Limited**

## **Directors' Report (continued) for the year ended 31 December 2019**

### **Modern Slavery Act**

In accordance with The Modern Slavery Act 2015, the Company has adopted and approved the Statement on the prevention of slavery and human trafficking. A copy of the Statement is available on the Company's website.

### **Statement on engagement with suppliers, customers and others in a business relationship with the company**

Details of stakeholder engagement have been included within the Strategic Report on page 3.

### **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.

### **Independent Auditors**

During the year, the Board of BritNed Development Limited appointed PricewaterhouseCoopers LLP as its auditors who are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

The Directors' Report was approved by the Board and signed by its order by:

**Megan Barnes**  
Company Secretary  
7 May 2020

**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 audit of financial statements**

#### **Opinion**

In our opinion, BritNed Development Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the income statement, the cash flow statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Independence***

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## **BritNed Development Limited**

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

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### ***Responsibilities of the Directors for the financial statements***

As explained more fully in the Statement of Directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### ***Use of this report***

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.

#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

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

## **BritNed Development Limited**

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

We have no exceptions to report arising from this responsibility.

Richard French (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
7 May 2020

## BritNed Development Limited

### Income statement for the year ended 31 December 2019

	Notes	2019 (€m)	2018 (€m)
Revenue	4	82.8	106.6
Administrative Expenses	5	(26.9)	(30.1)
Other income - exceptional	4	8.0	-
<b>Operating profit</b>		<b>63.9</b>	<b>76.5</b>
Finance income and expenses	5	(0.6)	0.1
<b>Profit before income tax</b>		<b>63.3</b>	<b>76.6</b>
Income Tax	6	(12.9)	(15.2)
<b>Profit for the year</b>		<b>50.4</b>	<b>61.4</b>

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.

The notes on pages 15 to 30 form part of these financial statements.

## BritNed Development Limited

### Balance Sheet as at 31 December 2019

The financial position of the Company is presented in the balance sheet. Total equity funds at 31 December 2019 were €447.0m (2018: €453.5m) comprising total non-current assets of €454.2m (2018: €432.8m), other non-current liabilities of €1.7m (2018: €1.7m), the impact from IFRS 16 implementation in 2019 in lease liabilities of €36.9m, deferred tax liabilities of €10.2m (2018: €10.9m) and net current assets of €41.7m (2018: €33.3m).

	Notes	2019 (€m)	2018 (€m)
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	7	417.4	432.4
Right of use asset	14	36.5	-
Intangible assets	8	0.3	0.4
		<b>454.2</b>	<b>432.8</b>
<b>Current assets</b>			
Trade and other receivables	9	22.2	17.9
Cash and cash equivalents		46.1	59.6
		<b>68.3</b>	<b>77.5</b>
<b>Total assets</b>		<b>522.5</b>	<b>510.3</b>
<b>Equity and liabilities</b>			
<b>Non-current liabilities</b>			
Other non-current liabilities	11	1.7	1.7
Lease liabilities	14	36.9	-
Deferred tax liabilities	12	10.2	10.9
		<b>48.8</b>	<b>12.6</b>
<b>Current liabilities</b>			
Trade and other payables	10	26.4	44.2
Lease liabilities	14	0.3	-
		<b>26.7</b>	<b>44.2</b>
<b>Total liabilities</b>		<b>75.5</b>	<b>56.8</b>
<b>Equity</b>			
Share capital	13	113.8	113.8
Retained earnings	13	333.2	339.7
<b>Total equity</b>		<b>447.0</b>	<b>453.5</b>
<b>Total equity and liabilities</b>		<b>522.5</b>	<b>510.3</b>

The notes on pages 15 to 30 form part of these financial statements.

The financial statements on pages 11 to 30 were approved by the Board of Directors on 7 May 2020 and signed on its behalf by:

**Guido Fricke**  
Director

**Nick Sides**  
Director

## BritNed Development Limited

### Statement of changes in equity for the year ended 31 December 2019

	Notes	Share capital (€m)	Retained earnings (€m)	Total Equity (€m)
Balance as at 1 January 2018	13	113.8	346.6	<b>460.4</b>
Profit for the year			61.4	<b>61.4</b>
Dividends	13		(68.3)	<b>(68.3)</b>
<b>Balance as at 31 December 2018</b>		<b>113.8</b>	<b>339.7</b>	<b>453.5</b>

	Notes	Share capital (€m)	Retained earnings (€m)	Total Equity (€m)
Balance as at 1 January 2019	13	113.8	339.7	<b>453.5</b>
Profit for the year			50.4	<b>50.4</b>
Dividends	13		(56.9)	<b>(56.9)</b>
<b>Balance as at 31 December 2019</b>		<b>113.8</b>	<b>333.2</b>	<b>447.0</b>

The notes on pages 15 to 30 form part of these financial statements.

## BritNed Development Limited

### Cash flow statement for the year ended 31 December 2019

Notes	2019 (€m)	2018 (€m)
<b>Cash flows from operating activities</b>		
Profit before tax	63.3	76.6
<i>Adjustment for:</i>		
Depreciation and amortisation of assets	7,8,14 16.3	15.3
Interest paid/payable for lease liabilities	5 0.7	-
<i>Changes in working capital:</i>		
Decrease / (Increase) in trade and other receivables	9 (4.3)	0.2
(Increase) / Decrease in trade and other payables	10 (17.7)	11.4
Cash generated from operations	58.3	103.5
Tax paid	(13.7)	(18.1)
<b>Net cash generated from operating activities</b>	<b>44.6</b>	<b>85.4</b>
<b>Cash flows from investment activities</b>		
Purchase of tangible and intangible fixed assets	7,8 (0.2)	(0.2)
<b>Net cash flows used in investing activities</b>	<b>(0.2)</b>	<b>(0.2)</b>
<b>Cash flows from finance activities</b>		
Dividends paid to equity holders of the company	13 (56.9)	(68.3)
Cash payments for the principal portion of the lease liability	14 (1.0)	
<b>Net cash flows used in financing activities</b>	<b>(57.9)</b>	<b>(68.3)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(13.5)</b>	<b>16.9</b>
Cash and cash equivalents at beginning of year	59.6	42.7
<b>Cash and cash equivalents at end of year</b>	<b>46.1</b>	<b>59.6</b>

The notes on pages 15 to 30 form part of these financial statements.

# **BritNed Development Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

### **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.

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 the Strand

London

WC2 5EH

#### **(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 interconnector 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 compensations. 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, participation in the GB Capacity Market and other minor ancillary services such as Intertrip services excluding value added tax and other sales taxes.

BritNed provide capacity to flow electricity capacity between the Netherlands and the UK. This is a distinct service as the customer benefits from the capacity flowed between the UK and the Netherlands. No other service or goods are provided with the capacity. The price is set through an auction and sold per MWH, therefore there is no variable consideration and no adjustment would be made to the price sold through the auction.

Explicit Auction Revenue is recognised over time for annual/quarterly/monthly auctions and is recognised over the period when the capacity is delivered. Implicit Auction Revenue is sold for the day ahead therefore is recognised on the day it is sold for.

The Capacity Mechanism is a yearly agreement BritNed sign up to provide capacity in any stress event during that year. The revenue from this is recognised over the period of the year it relates to.

# **BritNed Development Limited**

## **Notes to the financial statements (continued) for the year ended 31 December 2019**

### **1 Accounting policies (continued)**

#### **(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.

#### **(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 2019, the Company's strategy, which has remained unchanged from 2018, 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**

The Company 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.

# BritNed Development Limited

## Notes to the financial statements (continued) for the year ended 31 December 2019

### 1 Accounting policies (continued)

#### (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.

#### (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 and amended standards

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 16	Leases – lessees will have to recognise a lease liability reflecting future lease payments and 'right-of-use' assets	1 January 2019
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Certain new accounting standards and interpretations have been published that are mandatory for 31 December 2019 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

The Company implemented IFRS16 on 1 January 2019. IFRS16 changes the measurement and disclosure in respect of borrowings in the financial statements. The Company carried out an assessment of existing lease contracts as part of this process.

# BritNed Development Limited

## Notes to the financial statements (continued) for the year ended 31 December 2019

### 1 Accounting policies (continued)

This note explains the impact of the adoption of IFRS16, 'Leases' on the company's financial statements.

As indicated in note 14, the company has adopted IFRS16, 'Leases' from 1 January 2019, and it has not restated the comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS17, 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the average cost of debt from both parent companies of 2.11%.

#### a. Practical expedients applied

In applying IFRS16 for the first time, the company has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- There were no onerous contracts as at 1 January 2019
- Accounting for operating leases with a remaining lease terms of less than 12 months as at 1 January as a short term lease
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- As part of this assessment it was concluded that the contract with the Crown Estate would not be treated under IFRS16 as there is no identified asset. The contract entered into only allows the company to lay the cable on the seabed. The Crown Estate continues to own and control the seabed, other entities can continue to use the seabed. This assessment is in line with the decision made by other interconnector businesses part owned by National Grid.

#### b. Measurement of lease liabilities

As at 31 December 2019, the Company had cancellable operating lease commitments of €2,400,000 see note 14. Under IFRS16 the Company recognised a right-of-use asset and a corresponding lease liability of € 37,509,000 on 1 January 2019.

<b>Measurement of lease liabilities</b>	<b>2019 (€m)</b>
Operating lease commitments disclosed as at 31 December 2018	<b>8.6</b>
Discounted using incremental borrowing rate at the date of initial application	<b>5.9</b>
Less: contracts reassessed as lease contracts	<b>(1.7)</b>
Add: adjustments as a result of different treatment of extension	<b>18.4</b>
Add: adjustments relating to changes in the index or rate affecting variable payments	<b>14.9</b>
Lease liability recognised as at 1 January 2019	<b>37.5</b>
Of which are:	
Current lease liabilities	<b>0.2</b>
Non-current lease liabilities	<b>37.3</b>
	<b>37.5</b>

# **BritNed Development Limited**

## **Notes to the financial statements (continued) for the year ended 31 December 2019**

### **1 Accounting policies (continued)**

#### **c. The company's leasing activities and how these are accounted for**

The company leases the land on which the interconnector cable is situated, its administrative offices, and vehicles.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until 2018 financial year, leases of property and vehicles were classified as an operating lease, see note 14 for details.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date which the leased asset is available for use by the group.

Assets and liabilities arising from the lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments
- Variable lease payments that are based on an index or a rate, initially measured using the rate as at the commencement date

Lease payments to be made under extension options are also included in the measurement of the liability as mentioned in the table above.

The lease payments are discounted using the company's incremental borrowing rate. This has been based on the average cost of debt from both parent companies.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost based on the amount of the initial measurement of the lease liability.

Right of use assets are depreciated over the asset's useful life.

Payments associated with short term leases are recognised as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019.

#### **Adjustments recognised in the balance sheet on 1 January 2019:**

- right-of-use assets – increase by €37,509,000
- lease liabilities – increase by €37,509,000

# BritNed Development Limited

## Notes to the financial statements (continued) for the year ended 31 December 2019

### 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.

Depreciation of Right-of-use assets is calculated based on the most realistic point at which the lease may end. This can be the end of the life of the longest depreciating asset (the cable over 40 years to 2051) or a different date the business is expected to exist until. Considering the above factors, the following lease end dates have been considered as the end of useful economic lives with the commencement date on 01/01/2019:

<u>Lease</u>	<u>Proposed end date for IFRS16</u>
Land at Maas	2051 (in line with end cable depreciation period)
Land at IoG	2055 (first possible break after end of cable depreciation period)
Rent & Services MCE Building	2051 (in line with end cable depreciation period)
IoG car	2023 (end of the fixed term contract)

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 2019

#### 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 (2018: none).

#### 4 Revenue and other income

	2019 (€m)	2018 (€m)
Net explicit revenue	54.8	76.2
Net implicit revenue	21.6	22.7
Other revenue	6.4	7.7
<b>Total Revenue</b>	<b>82.8</b>	106.6
Other income - exceptional	8.0	-
<b>Total Other income</b>	<b>8.0</b>	-

Other income - exceptional relates to the net income resulting from the legal claim to ABB as discussed on p16.

#### 5 Administrative expenses

##### 5.1 Expenses by nature

Administrative expenses can be broken down as follows:

	Notes	2019 (€m)	2018 (€m)
Depreciation	7	15.2	15.1
Amortisation	8	0.1	0.2
Personnel costs		4.8	4.9
General rates and taxes		0.9	0.9
Operating lease rentals		-	1.2
Foreign exchange (gains)/losses		(0.6)	0.1
Insurance		3.2	3.3
Depreciation – right of use assets	14	1.0	0.0
Other costs		2.3	4.4
<b>Total Administrative Expenses</b>		<b>26.9</b>	30.1

Depreciation – IFRS16 relates to the implementation of IFRS16 on 01 January 2019.

## BritNed Development Limited

### Notes to the financial statements (continued) for the year ended 31 December 2019

#### 5.2 Auditors' remuneration

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

	2019 (€'000)	2018 (€'000)
Audit of the financial statements	54.5	52.6
Non-audit services - tax compliance	4.0	2.6
<b>Total auditors' remuneration</b>	<b>58.5</b>	<b>55.2</b>

#### 5.3 Finance Income and Expenses

	2019 (€m)
Interest receivable and similar income	0.2
Interest paid/payable for lease liabilities	(0.7)
Interest payable and similar charges	(0.1)
<b>Net finance expense</b>	<b>(0.6)</b>

Interest paid/payable for lease liabilities relates to the implementation of IFRS16 on 1 January 2019.

## BritNed Development Limited

### Notes to the financial statements (continued) for the year ended 31 December 2019

#### 6 Income Tax Expense

	2019 (€m)	2018 (€m)
<b>Current tax:</b>		
UK corporation tax	5.7	6.5
UK corporation tax adjustment in respect of prior years	-	(0.6)
Overseas corporation tax	7.9	9.5
<b>Total current tax</b>	<b>13.6</b>	15.4
<b>Deferred tax:</b>		
UK deferred tax	(0.8)	(0.2)
UK deferred tax adjustment in respect of prior years	-	-
Impact of change in tax rate	0.1	-
<b>Total deferred tax (note 12)</b>	<b>(0.7)</b>	(0.2)
<b>Total Tax charge</b>	<b>12.9</b>	15.2

The tax charge for the year is higher (2018: higher) than the standard rate of corporation tax in the UK for the year of 19% (2018: 19%).

	2019 (€m)	2018 (€m)
Profit before income tax	63.3	76.6
Profit before income tax multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	12.0	14.6
Effect of:		
Permanent items	0.4	0.4
Deferred tax impact of change in UK tax rate	0.1	-
Unrelieved foreign tax	0.4	0.8
Adjustments in respect of prior years	-	(0.6)
<b>Total tax charge for the year</b>	<b>12.9</b>	15.2

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by €1.2m.

On the assumption of the corporation tax rate remaining at 19%, the deferred tax debited to income statement for the period would be €0.5m instead of credited (€0.7m). Accordingly, the deferred tax liability would increase from €10.2m as stated in note 12 to €11.5m.

## BritNed Development Limited

### Notes to the financial statements (continued) for the year ended 31 December 2019

#### 7 Property, plant and equipment

	Freehold property	Plant and Machinery	Fixtures and fittings	Total
	(€m)	(€m)	(€m)	(€m)
<b>Cost</b>				
At 1 January 2019	73.8	474.0	0.1	547.9
Additions	-	0.2	-	0.2
<b>At 31 December 2019</b>	<b>73.8</b>	<b>474.2</b>	<b>0.1</b>	<b>548.1</b>
<b>Accumulated Depreciation</b>				
At 1 January 2019	14.3	101.1	0.1	115.5
Depreciation for the year	1.8	13.4	-	15.2
<b>At 31 December 2019</b>	<b>16.1</b>	<b>114.5</b>	<b>0.1</b>	<b>130.7</b>
<b>Net Book value:</b>				
At 1 January 2019	59.5	372.9	-	432.4
<b>At 31 December 2019</b>	<b>57.7</b>	<b>359.7</b>	<b>-</b>	<b>417.4</b>

#### 8 Intangible assets

	Software (€m)	Work in Progress (€m)	Total (€m)
<b>Cost:</b>			
At 1 January 2019	4.6	0.1	4.7
Net Additions/Disposals	-	-	-
<b>At 31 December 2019</b>	<b>4.6</b>	<b>0.1</b>	<b>4.7</b>
<b>Amortisation and impairment</b>			
At 1 January 2019	4.3	-	4.3
Amortisation for the year	0.1	-	0.1
<b>At 31 December 2019</b>	<b>4.4</b>	<b>-</b>	<b>4.4</b>
<b>Net Book value:</b>			
At 1 January 2019	0.3	0.1	0.4
<b>At 31 December 2019</b>	<b>0.2</b>	<b>0.1</b>	<b>0.3</b>

## BritNed Development Limited

### Notes to the financial statements (continued) for the year ended 31 December 2019

#### 9 Trade and other receivables

Trade and other receivables can be broken down as follows:

	2019 (€m)	2018 (€m)
Trade receivables	-	2.5
Amounts owed by group undertakings	4.5	3.9
Other amounts receivable	11.6	10.1
Prepayments and accrued income	6.1	1.4
<b>Total</b>	<b>22.2</b>	<b>17.9</b>

Amounts owed by group undertakings are unsecured, interest free and due on demand.

Included within Prepayments and accrued income is €5.7m (2018: €0.6m) of contract assets relating to services delivered in the year.

#### 10 Trade and other payables

Trade and other payables can be broken down as follows:

	2019 (€m)	2018 (€m)
Trade payables	0.6	2.4
Other creditors	0.5	15.0
Amounts owed to group undertakings	2.4	2.2
Corporation tax payable	15.3	15.4
Accruals and deferred income	7.6	9.2
<b>Total</b>	<b>26.4</b>	<b>44.2</b>

Amounts owed to group undertakings are unsecured, interest free and due on demand.

Included within Accruals and deferred income is €2.4m (2018: €3.5) of contract liabilities relating to services to be delivered in the next financial year.

## BritNed Development Limited

### Notes to the financial statements (continued) for the year ended 31 December 2019

#### 11 Other non-current liabilities

	2019 (€m)	2018 (€m)
Deferred grant income	1.7	1.7
<b>Total</b>	<b>1.7</b>	<b>1.7</b>

The Company 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.

#### 12 Deferred tax liabilities

	Accelerated tax depreciation (€m)
<b>Deferred tax liabilities</b>	
Deferred tax liabilities at 1 January 2019	10.9
Credited to income statement	(0.7)
<b>At 31 December 2019</b>	<b>10.2</b>

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.

#### 13 Equity attributable to owners of the Company

	2019 (€m)	2018 (€m)
<b>Called up and fully paid</b>		
1 (2017: 1) "A" share of £1	-	-
1 (2017: 1) "B" share of £1	-	-
284,500,000 (2018: 284,500,000) "C" shares of 0.2 euro each	56.9	56.9
284,500,000 (2018: 284,500,000) "D" shares of 0.2 euro each	56.9	56.9
	<b>113.8</b>	113.8
<b>Retained earnings</b>		
Reserves	282.8	278.3
Profit for the year	52.2	61.4
	<b>335.0</b>	<b>339.7</b>
	<b>448.8</b>	<b>453.5</b>

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.

## BritNed Development Limited

### Notes to the financial statements (continued) for the year ended 31 December 2019

#### Dividend distribution

In 2019, the Company distributed a €56.9 million common dividend (€0.10 per share) to its ordinary shareholders.

	2019	2018
Dividend (€m)	56.9	68.3
Dividend Per Share (€)	0.10	0.12

#### 14 Lease commitments

##### a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	as at 31/12/19 2019 (€m)	as at 01/01/19 2019 (€m)
<b>Right of use assets</b>		
Buildings	36.5	37.5
<b>Total</b>	<b>36.5</b>	<b>37.5</b>
<b>Lease Liabilities</b>		
Current	0.3	0.2
Non-current	36.9	37.3
<b>Total</b>	<b>37.2</b>	<b>37.5</b>

##### b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts related to leases:

	2019 (€m)	2018 (€m)
<b>Depreciation charge of right of use assets</b>		
Buildings	1.0	-
<b>Total</b>	<b>1.0</b>	<b>-</b>
Interest cost (on right of use assets)	0.7	

##### c) Operating lease commitments

	2019 (€m)	2018 (€m)
<b>Operating lease commitments</b>		
Falling due before 1 year	-	0.7
Between 2 and 5 years	-	2.8
After more than 5 years	-	5.1
<b>Total</b>	<b>-</b>	<b>8.6</b>

## BritNed Development Limited

### Notes to the financial statements (continued) for the year ended 31 December 2019

#### 15 Financial assets and financial liabilities

Loans and receivables (€m)	2019 (€m)	2018 (€m)
Trade and other receivables excluding prepayments	16.1	16.5
Cash and cash equivalents	46.1	59.6
<b>Total</b>	<b>62.2</b>	76.1

Liabilities at amortised cost (€m)	2019 (€m)	2018 (€m)
Trade and other payables excluding non-financial liabilities	18.6	35.0
Discounted future lease payments	37.2	-
<b>Total</b>	<b>55.8</b>	35.0

##### (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 5 & 6.

##### (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.

##### (c) Lease liabilities

After the implementation of IFRS 16 as from 1<sup>st</sup> January 2019, the company recognises current and non-current Lease liabilities which reflect discounted future lease payments.

## BritNed Development Limited

### Notes to the financial statements (continued) for the year ended 31 December 2019

#### 16 Related parties

The Company has the following related parties:

##### *Parent Companies*

During the year, the Company was a joint venture between National Grid Interconnector Holdings Limited and NLink International B.V. with each party 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 2019, together with the aggregate recharge made to and from related parties during the year are shown in the table below.

	Recharged in the year to 31/12/19	Included within Creditor balance at the year end 31/12/19	Included within Debtor balance at the year end 31/12/19
	€m	€m	€m
Recharged from National Grid Interconnector Holdings Limited	(0.1)	-	-
Recharged from National Grid Electricity Transmission plc	1.4	2.0	0.5
Recharged from Thamesport Interchange Limited	1.1	-	-
Recharged from National Grid Insurance Company (Isle of Man) Limited	3.0	-	0.7
Recharged from Nlink International B.V.	-	-	-
Recharged from TenneT TSO B.V.	1.2	0.3	3.3
Recharged from EPEX Spot S.E.	0.8	0.2	-
<b>Total</b>	<b>7.4</b>	<b>2.4</b>	<b>4.5</b>

	Recharged in the year to 31/12/18	Included within Creditors at the year end 31/12/18	Included within Debtors at the year end 31/12/18
	€m	€m	€m
Recharged from National Grid Electricity Transmission plc	(0.3)	1.9	-
Recharged from Thamesport Interchange Limited	0.5	-	-
Recharged from National Grid Insurance Company (Isle of Man) Limited	3.1	-	0.7
Recharged from TenneT TSO B.V.	(0.1)	(0.1)	3.2
Recharged from EPEX Spot S.E.	1.1	0.3	-
<b>Total</b>	<b>4.3</b>	<b>2.2</b>	<b>3.9</b>

## **BritNed Development Limited**

### **Notes to the financial statements (continued) for the year ended 31 December 2019**

#### **16 Related parties (continued)**

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 2019 was €295.7m (2018: €411.4m).

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.

#### **17 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.

#### **18 Post Balance Sheet Event**

The risk of the ongoing pandemic of coronavirus disease (COVID-19) is being actively managed by the company, ensuring the asset and required commercial frameworks remain operational and that employees remain safe. At this time, no significant issues have occurred as a result of COVID 19 however, engagement with the supply chain and scenario planning continues to ensure any emerging risks are identified and remediated. The impact of COVID 19 on power prices in both countries is being closely monitored by the BritNed Auction Committee and any changes required to the auction strategy will be implemented accordingly.