

BritNed Development Limited

Annual Report

and Financial Statements

For the year ended 31 December 2015

Company registration number: 4251409

BritNed Development Limited

Strategic Report

For the year ended 31 December 2015

The Directors present their strategic report on the Company for the year ended 31 December 2015.

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.

Executive summary

During 2015 the Company continued to operate the sub-sea interconnector between England and Wales and the Netherlands electricity networks.

BritNed operates a sub-sea cable between the UK 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. 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 €205.3m compared to €116.1m in 2014. 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 after taxation was €141.4m (201: €62.8m).

Financial position

The financial position of the Company is presented in the balance sheet. Total shareholders' funds at 31 December 2015 were €499.3m (2014: €517.2m) comprising total fixed assets of €478.9m (2014: €493.9m), creditors due after one year of €1.9m (2014: €1.9m) and deferred tax liabilities of €11.6m (2014: €16.3m).

Key Performance indicators

The following Key Performance indicators are noted:

	2015	2014	Definition, method of calculation and analysis
Revenue and growth in revenue (€m/%)	€205.3 / 77%	€116.1 / 68%	Year on year sales growth expressed as a percentage. The year on year increase is a result of a higher market spread and ancillary services.
Number of unplanned outages Bipole / Monopole	0 / 2	0 / 2	Number of outages in one year for Bipole and Monopole. During 2015 there was a relatively long outage in May and a short Monopole outage in December.
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 2015

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

10 May 2016

BritNed Development Limited

Directors' Report

For the year ended 31 December 2015

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2015.

Future developments

Details of future developments have been included within the Strategic Report on page 1.

Dividends

The Directors approved and paid dividends of €159.3m (2014: €96.7m) 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 on 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 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
Graeme Steele (resigned on 1 April 2015)
Chris Waters (resigned on 17 July 2015)
Nicholas Sides (appointed on 1 April 2015)
Jonathon Butterworth (appointed on 17 July 2015)

BritNed Development Limited

Directors' Report (continued)

For the year ended 31 December 2015

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 Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

Disclosure of information to auditors

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

BritNed Development Limited

Directors' Report (continued)

For the year ended 31 December 2015

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.

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

Alice Morgan

Company Secretary

10 May 2016

Registered office:

1-3 Strand

London

WC2N 5EH

Registered in England and Wales

Company registration number: 4251409

Independent auditors' report to the members of BritNed Development Limited

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 2015 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

BritNed Development Limited's financial statements comprise:

- the balance sheet as at 31 December 2015;
- the income statement for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in 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 the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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.

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

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 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 and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Richard French (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 May 2016

BritNed Development Limited

Income statement for the year ended 31 December

	Notes	2015 (€m)	2014 (€m)
Revenue	3	205.3	116.1
Administrative Expenses	4	(32.3)	(31.8)
Operating profit		173.0	84.3
Finance income	5	0.3	0.1
Finance expenses	5	-	(0.2)
Profit before income tax		173.3	84.2
Taxation	6	(31.9)	(21.4)
Profit for the year		141.4	62.8

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 comprehensive income is presented.

BritNed Development Limited

Balance Sheet As at 31 December 2015

	Notes	2015 (€m)	2014 (€m)
Assets			
Non-Current Assets			
Property, plant and equipment	7	476.8	491.1
Intangible assets	8	2.1	2.8
		478.9	493.9
Current assets			
Trade and other receivables	9	17.7	20.4
Cash and cash equivalents		47.1	42.6
		64.8	63.0
Total assets		543.7	556.9
Equity and liabilities			
Non-current liabilities			
Other non-current liabilities	11	1.9	1.9
Deferred tax liabilities	12	11.6	16.3
		13.5	18.2
Current liabilities			
Trade and other payables	10	30.9	21.5
		30.9	21.5
Total liabilities		44.4	39.7
Equity			
Ordinary Shares	13	113.8	113.8
Retained earnings	13	385.5	403.4
Total equity		499.3	517.2
Total equity and liabilities		543.7	556.9

The financial statements on pages 8 to 23 were approved by the Board of Directors on 10 May 2016 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 2015

	Notes	Share capital (€m)	Retained earnings (€m)	Total (€m)
Balance as at 1 January 2015	13	113.8	403.4	517.2
Total comprehensive income for the year		-	141.4	141.4
Dividends	13	-	(159.3)	(159.3)
Balance as at 31 December 2015		113.8	385.5	499.3

BritNed Development Limited

Cash flow statement

For the year ended 31 December 2015

	Notes	2015 (€m)	2014 (€m)
Cash flows from operating activities			
Profit before tax		173.3	84.2
<i>Adjustment for:</i>			
Depreciation and amortisation of assets	7,8	15.6	15.9
Increase in deferred income	11	2.0	4.8
<i>Changes in working capital:</i>			
(Increase) in trade and other receivables	9	(1.1)	(6.6)
Increase in trade and other payables	10	1.5	3.3
Cash generated from operations		191.3	101.6
Tax paid		(26.7)	(8.9)
Net cash generated from operating activities		164.6	92.7
Cash flows from investment activities			
Purchase of tangible and intangible fixed assets	7,8	(0.8)	(0.9)
Net cash flows used in investing activities		(0.8)	(0.9)
Cash flows from finance activities			
Dividends paid to equity holders of the company	13	(159.3)	(96.7)
Net cash flows from financing activities		(159.3)	(96.7)
Net increase in cash and cash equivalents		4.5	(4.9)
Cash and cash equivalents at beginning of year	14	42.6	47.5
Cash and cash equivalents at end of year	14	47.1	42.6

BritNed Development Limited

Notes to the financial statements

For the year ended 31 December 2015

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 an 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 details required by IFRS 1 'First-time Adoption of International Financial Reporting Standards' showing the transition from UK GAAP to IFRS as adopted by the European Union are disclosed in note 19.

(b) Going concern

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

(c) European Union Grant Funding

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

(d) Development costs held as intangible assets

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

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2015

1 Accounting policies (continued)

(e) 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.

(f) 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.

(g) Foreign currencies

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

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2015

(h) 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.

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

A number of new standards and interpretations were issued but not effective for the financial year beginning 1 January 2015. Relating changes that do not have a material impact on BritNed's financial statements are not described.

(j) 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 (note 14). During 2015, the company's strategy, which has remained unchanged from 2014, was to maintain a consistent level of cash to meet its obligations.

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2015

2 Directors and employees

The emoluments of the Directors are not paid to them in their capacity as Directors of the Company and are payable for services wholly attributable to other National Grid 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 (2014: none).

3 Revenue

	2015 (€m)	2014 (€m)
Net explicit revenue	158.7	92.8
Net implicit revenue	18.4	13.6
Other revenue	28.2	9.7
Total	205.3	116.1

4 Administration expenses

4.1 Expenses by nature

Administration expenses can be broken down as follows:

	2015 (€m)	2014 (€m)
Depreciation	14.9	15.3
Amortisation	0.7	0.6
Personnel costs	4.1	3.7
Operating lease rentals	2.7	1.8
Foreign exchange gains	(0.5)	(0.6)
Insurance	3.9	3.3
Other costs	6.5	7.7
	32.3	31.8

4.2 Auditors remuneration

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

	2015 (€'000)	2014 (€'000)
Audit of the financial statements	56	67
Total auditors' remuneration	56	67

5 Finance income and expenses

	2015 (€m)	2014 (€m)
Interest receivable and similar income	0.3	0.1
Interest payable and similar charges	-	(0.2)
Net finance income/(cost)	0.3	(0.1)

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2015

6 Income Tax Expense

	2015 (€m)	2014 (€m)
Current tax:		
UK corporation tax	15.8	6.8
UK corporation tax adjustment in respect of prior years	(1.0)	0.8
Overseas corporation tax	21.8	10.5
Total current tax	36.6	18.1
Deferred tax:		
UK deferred tax	0.5	4.7
UK deferred tax adjustment in respect of prior years	(3.8)	(0.9)
Impact of change in tax rate	(1.4)	(0.5)
Total deferred tax (note 12)	(4.7)	3.3
Total Tax charge	31.9	21.4
The tax charge for the year is lower (2014: higher) than the standard rate of corporation tax in the UK for the year of 20.25% (2014: 21.50%)		
	2015 (€m)	2014 (€m)
Profit before income tax	173.3	84.2
Profit before income tax multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.50%)	35.1	18.1
Effect of:		
Permanent items	0.3	0.2
Deferred tax impact of change in UK tax rate	(1.4)	(0.5)
Deduction of foreign tax	-	-
Double tax relief	(19.1)	(6.8)
Adjustments in respect of prior years	(4.8)	(0.1)
Foreign tax suffered	21.8	10.5
Total tax charge for the year	31.9	21.4

The UK tax rate was reduced in prior periods by The Finance Act 2013 from 23% to 21% from 1 April 2014, and from 21% to 20% from 1 April 2015. These reductions have resulted in decreases to UK deferred tax liabilities in these periods.

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements. The overall effect of that change, if it had applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax liability by an additional €0.6m and reduce the tax expense for the period by €0.6m.

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2015

7 Property, plant and equipment

	Freehold property (€m)	Plant and Machinery (€m)	Fixtures and fittings (€m)	Total (€m)
Cost				
At 1 January 2015	73.8	472.8	0.1	546.7
Additions	-	0.6	-	0.6
At 31 December 2015	73.8	473.4	0.1	547.3
Depreciation				
At 1 January 2015	6.9	48.6	0.1	55.6
Depreciation for the year	1.9	13.0	-	14.9
At 31 December 2015	8.8	61.6	0.1	70.5
Net Book value:				
At 31 December 2014	66.9	424.2	-	491.1
At 31 December 2015	65.0	411.8	-	476.8

8 Intangible assets

	Software (€m)	Total (€m)
Cost:		
At 1 January 2015	4.7	4.7
Additions	0.2	0.2
Disposals	(0.2)	(0.2)
At 31 December 2015	4.7	4.7
Amortisation and impairment		
At 1 January 2015	1.9	1.9
Amortisation for the year	0.7	0.7
At 31 December 2015	2.6	2.6
Net Book value:		
At 31 December 2014	2.8	2.8
At 31 December 2015	2.1	2.1

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2015

9 Trade and other receivables

Trade and other receivables can be broken down as follows:

	2015 (€m)	2014 (€m)
Trade receivables	0.1	-
Amounts owed by group undertakings	13.7	11.8
Amount owed by associated companies related to current tax	-	1.8
Other amounts receivable	1.7	4.8
Prepayments and accrued income	2.2	2.0
Total	17.7	20.4

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

10 Trade and other payables

Trade and other payables can be broken down as follows:

	2015 (€m)	2014 (€m)
Trade payables	0.6	0.6
Amounts owed to group undertakings	1.0	1.4
Corporation tax payable	14.6	6.6
Other taxes and social security	0.5	0.6
Accruals and deferred income	14.2	12.3
Total	30.9	21.5

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

11 Other non-current liabilities

	2015 (€m)	2014 (€m)
Deferred grant income	1.9	1.9
Total	1.9	1.9

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

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2015

12 Deferred tax liabilities

	Accelerated tax depreciation (€m)	Other net temporary differences (€m)	Total (€m)
Deferred tax (assets)/liabilities			
Deferred tax assets at 1 January 2015	-	-	-
Deferred tax liabilities at 1 January 2015	16.3	-	16.3
At 1 January 2015	16.3	-	16.3
(Credited)/charged to income statement	(4.7)	-	(4.7)
At 31 December 2015	11.6	-	11.6
Deferred tax assets at 31 December 2015	-	-	-
Deferred tax liabilities at 31 December 2015	11.6	-	11.6
	11.6	-	11.6

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

	2015 (€m)	2014 (€m)
Allotted, called up and fully paid		
1 (2014: 1) "A" share of £1	-	-
1 (2014: 1) "B" share of £1	-	-
284,500,000 (2014 and 2013: 284,500,000) "C" shares of 0.2 euro each	56.9	56.9
284,500,000 (2014 and 2013: 284,500,000) "D" shares of 0.2 euro each	56.9	56.9
	113.8	113.8
Retained earnings		
Reserves	244.1	340.6
Profit for the year	141.4	62.8
	385.5	403.4
	499.3	517.2

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 2015 BritNed distributed a €159.3 million common dividend (€0.28 per share) to its ordinary shareholder.

	2015	2014
Dividend (€m)	159.3	96.7
Dividend Per Share (€)	0.28	0.17

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2015

14 Reconciliation of net cash

	2015 (€m)	2014 (€m)
At 1 January	42.6	47.5
Increase / (decrease) in cash during the year	4.5	(4.9)
At 31 December	47.1	42.6

15 Lease commitments

Operating lease commitments

BritNed 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:

	2015 (€m)	2014 (€m)
Falling due before 1 year	0.7	0.8
Between 2 and 5 years	2.2	1.9
After more than 5 years	4.3	3.6
Total	7.2	6.3

16 Financial assets and financial liabilities

31 December 2015

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

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

31 December 2014

	Loans and receivables (€m)
Trade and other receivables excluding pre-payments	18.4
Cash and cash equivalents	42.6
Total	61.0

	Liabilities at amortised cost (€m)
Trade and other payables excluding non-financial liabilities	9.2
Total	9.2

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2015

16 Financial assets and financial liabilities (continued)

(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.

17 Related parties

BritNed 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 BV 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 BV is TenneT Holding BV which is incorporated in The Netherlands.

Balances with related parties at 31 December 2015, 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)
- NG Property Holdings Limited
- National Grid Insurance Company (Isle of Man) Limited
- National Grid Insurance Company (Ireland) Limited
- NLink International BV
- TenneT TSO BV
- APX Holding BV

BritNed Development Limited

Notes to the financial statements (continued)

For the year ended 31 December 2015

17 Related parties (continued)

	Recharged in the year to 31 December 15	Creditor balance at the year end 31 December 15	Debtor balance at the year end 31 December 15
	€'m	€'m	€'m
Recharged from National Grid Interconnector Holdings Limited	3.3	0.4	1.9
Recharged to National Grid Electricity Transmission	(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 BV	-	-	-
Recharged from TenneT TSO BV	4.0	0.6	0.9
Recharged from APX Holding BV	0.6	-	10.9

	Recharged in the year to 31 December 14	Creditor balance at the year end 31 December 14	Debtor balance at the year end 31 December 14
	€'m	€'m	€'m
Recharged from National Grid Interconnector Holdings Limited	2.6	0.6	1.8
Recharged to National Grid Electricity Transmission	(9.7)	-	-
Recharged from National Grid Insurance Company (Isle of Man) Limited	3.0	-	-
Recharged from National Grid Insurance Company (Ireland) Limited	-	-	-
Recharged from NLink International BV	-	-	-
Recharged from TenneT TSO BV	2.0	0.8	1.0
Recharged from APX Holding BV	0.4	-	9.0

BritNed perform currency swaps with National Grid plc. There are no open swaps at year end, the total value of swaps during 2015 was €73.8m (2014: €71.8m).

National Grid 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 2015

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

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

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

19 Transition to International Financial Reporting Standards (IFRS) as adopted by the European Union

This is the first year in which the group has presented its financial statements under IFRS as adopted by the European Union. The last financial statements prepared under UK GAAP were for the year ended 31 December 2015. The company's date of transition to IFRS as adopted by the European Union was 1 January 2014 and all comparative information in these financial statements has been restated to reflect the company's adoption of IFRS as adopted by the European Union, except where otherwise required or permitted by IFRS 1.

No adjustments have arisen affecting the net profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and IFRS as adopted by the European Union, accordingly no balance sheet as at 1 January 2014 has been presented.