Company Registration No. 6845434

ENW Finance plc

Annual Report and Financial Statements
for the year ended 31 March 2014

Contents

Strategic Report

Business review and principal activities

The principal activity of ENW Finance plc ("the Company") during the year ended 31 March 2014 was that of a financing company which has notes in issue and listed on the London Stock Exchange (the "Notes"). The Company is a financing entity within the North West Electricity Networks (Jersey) Limited group (the "Group") and following the issue of Notes, it lent the net proceeds to a fellow Group subsidiary and affiliated company, Electricity North West Limited ("ENWL").

The results for the period are set out in the profit and loss account on page 8 and show that profit for the year after tax was £1.9m (2013: £1.1m).

Principal risks and uncertainties

As the Company's obligations in respect of the Notes and intercompany index-linked swaps are met via income receivable from ENWL via an intercompany loan arrangement, the Board considers the principal risks and uncertainties facing the Company to be those that affect ENWL and the larger Group. The principal trade and activities of the Group are carried out in ENWL and a comprehensive review of the strategy and operating model, the regulatory environment, the resources and principal risks and uncertainties facing that company, and ultimately the Group, are discussed in the Strategic Report of the ENWL annual report and consolidated financial statements.

The Company has exposure to interest rate risk and inflation risk; the intercompany index-linked swaps and the embedded derivative are exposed to a risk of change in their fair value arising from a risk of change of future cash flows due to changes in market interest rates and inflation rates. This exposure is limited as the impact on the intercompany index-linked swaps (liability) is largely offset by an opposite impact on the embedded derivative (asset).

Key Performance Indicators

The Company has borrowings, net of cash and short-term deposits, of £198.7m at 31 March 2014 (2013: £198.6m) relating to the Notes which have a long-term maturity. The Notes have a nominal value of £200.0m at 6.125 per cent maturing in 2021 and are held at amortised cost net of discount on issue.

Corporate governance

The details of the internal control and risk management systems which govern the Company in relation to the financial process are outlined in the Corporate Governance statement contained in the ENWL annual report and consolidated financial statements which is available on the website www.enwl.co.uk.

ENW Finance plc's internal control framework consists of the following:

- A Risk, Control and Assurance team which has the responsibility for independently assessing the adequacy and effectiveness of the management of significant risk areas and internal control; and

- Comprehensive compliance regimes are in place within the Company.

ENW Finance plc's risk management framework consists of the following:

- All enterprise risks are managed on a single corporate risk register which is maintained by the Risk, Control and Assurance team; and

- All open risks, associated controls and mitigating actions are reviewed on a monthly basis as part of a well embedded risk monitoring process.

ENW Finance plc has given consideration to the UK Corporate Governance Code and seeks to adopt its principles where appropriate for the size and nature of the company.

The ENW Finance plc audit committee is responsible for performing the functions set out in section 7.1.3 of the Disclosure and Transparency Rules of the Financial Services Authority. Membership consists of John Gittins, Niall Mills and Mark Walters all of whom have competence in accounting. John Gittins is considered an Independent Non-Executive Director and was Chairman of the Committee for the year under review.

Fair, balanced & understandable

The revised Audit Committee terms of reference reflect the requirement to review the accounts, at the Board's request, to ensure they are fair, balanced and understandable. As part of its review of the Annual Report and Accounts the Committee has acknowledged the detailed

Strategic Report *(continued)*

Fair, balanced & understandable *(continued)*

guidance given to contributors of the accounts by our external auditors, their verification process and the comprehensive reviews undertaken from the first drafts of the accounts in March 2014 to the final version approved by the Board.

Going Concern

After making enquires, and based on the assumptions, sensitivities and uncertainties outlined in note 1 to the financial statements, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board on 3 June 2014 and signed on its behalf by:

S Johnson
Director

Directors' Report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2014.

Dividends

Dividends proposed in the period were £nil, (2013: £nil). The Directors do not propose a final dividend for the year ended 31 March 2014.

Directors

The names of the Directors who held office during the year and thereafter are set out below. All were Directors for the full year except as noted.

J Gittins

N Mills

S Johnson

M McCallion (resigned 24 May 2013)

S Toor (resigned 7 March 2014)

M Walters (appointed 7 March 2014)

At no time during the year did any Director have a material interest in any contract or arrangement which was significant in relation to the Company's business.

Events after the Balance Sheet date

There have been no significant events after the balance sheet date.

Directors' and officers' insurance

The Company maintains an appropriate level of directors' and officers' insurance whereby Directors are indemnified against liabilities to third parties to the extent permitted by the Companies Act.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

(1) so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(2) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted within the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board on 3 June 2014 and signed on its behalf by:

S Johnson
Director

Registered address

ENW Finance plc
304 Bridgewater Place
Birchwood Park
Warrington
WA3 6XG

Registered number: 6845434

Directors' Responsibility Statement

The Directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). 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 FRS 101 has 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENW FINANCE PLC

We have audited the financial statements of ENW Finance plc for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 101; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Jane Boardman BSc ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
3 June 2014

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2014

	Note	2014 £'000	2013 £'000
Operating profit	2	**-**	-
Interest receivable and similar income	4	**12,841**	12,854
Interest payable and similar charges	5	**(10,284)**	(11,252)
Profit on ordinary activities before tax		**2,557**	1,602
Tax	6	**(645)**	(543)
Profit for the financial year	15	**1,912**	1,059

All the results shown in the profit and loss account, for both the current year and the preceding year, derive from continuing operations.

There are no other recognised gains and losses for the current financial year or preceding year other than the result shown above and therefore no separate Statement of Comprehensive Income has been presented.

BALANCE SHEET
As at 31 March 2014

	Note	2014 £'000	2013 £'000
Non current assets			
Derivative financial instruments: due after one year	*8, 11*	**95,493**	65,391
Debtors: due after one year	*8*	**198,728**	198,603
		294,221	263,994
Current assets			
Debtors: due within one year	*7*	**25,313**	24,847
Cash at bank and in hand	*9*	**12**	12
		25,325	24,859
Creditors: Amounts falling due within one year	*12*	**(4,763)**	(4,307)
Net current assets		**20,562**	20,552
Total assets less current liabilities		**314,783**	284,546
Creditors: Amounts falling due after more than one year:			
Borrowings	*10*	**(198,728)**	(198,603)
Derivative financial instruments	*11*	**(108,418)**	(80,407)
		(307,146)	(279,010)
Provisions for liabilities			
Deferred Tax	*13*	**(847)**	(658)
Net assets		**6,790**	4,878
Capital and reserves			
Called up share capital	*14,15*	**13**	13
Profit and loss account	*15*	**6,777**	4,865
Total shareholder's funds	*15*	**6,790**	4,878

The financial statements of ENW Finance plc (registered number 6845434) were approved by the Board of Directors on 3 June 2014 and signed on its behalf by:

S Johnson
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2014

	Share capital	Profit and Loss Account	Total
	£'000	£'000	£'000
Balance at 1 April 2012	13	3,806	3,819
Profit for the year	-	1,059	1,059
Balance at 31 March 2013	13	4,865	4,878
Balance at 1 April 2013	**13**	**4,865**	**4,878**
Profit for the year	**-**	**1,912**	**1,912**
Balance at 31 March 2014	**13**	**6,777**	**6,790**

NOTES TO THE FINANCIAL STATEMENTS

ENW Finance plc is a company incorporated in the United Kingdom under the Companies Act 2006.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below:

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 as issued by the Financial Reporting Council.

As permitted by FRS 101, for both periods presented, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, standards not yet effective and related party transactions with other wholly-owned members of the group. Where relevant, equivalent disclosures are given in the group accounts of North West Electricity Networks Limited. The Group accounts of North West Electricity Networks Limited are available to the public and can be obtained as set out in note 17.

The financial statements have been prepared on the historical cost basis, except for the revaluation of derivative financial instruments.

All Company operations arise from its activities as a financing company in the North West of England. Accordingly only one operating and geographic segment is therefore regularly reviewed by the Chief Executive Officer and Executive Team.

Basis of preparation – going concern basis

The Company is ultimately a subsidiary of the North West Electricity Networks (Jersey) Limited group, which manages its working capital on a pooled basis across the Group. The ability of the Company to meet its debts as they fall due is dependent on the fellow Group subsidiaries' ability to service its debts to the Company. The performance, financial position and key risks impacting the Company are detailed in the ENWL Strategic Report. In consideration of this the Directors of this Company are cognisant of the following going concern disclosure which appears in the financial statements of North West Electricity Networks (Jersey) Limited for the year ended 31 March 2014:

When considering continuing to adopt the going concern basis in preparing the Annual Report and financial statements, the Directors have taken into account a number of factors, including the financial position of the Group, its cash flow forecasts, liquidity position, borrowing facilities and covenant compliance as described in the going concern section of the Strategic Report. Consequently, after making the appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and comply with its banking covenants for the foreseeable future. Accordingly, it is appropriate to adopt the going concern basis in preparing the annual report and accounts.

The above text from North West Electricity Networks (Jersey) Limited's financial statements cross refers to disclosures within its Strategic Report. This information is also available within the statutory financial statements of Electricity North West Limited, the main trading company of the Group, and can be read in that company's financial statements.

Consequently, after making the appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it is appropriate to adopt the going concern basis in preparing the annual report and financial statements.

Notes *(continued)*

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of preparation – adoption of new and revised standards

The Company early adopted IFRS 13, 'Fair Value Measurement' in the prior year. IFRS13 was applied prospectively in line with the standard. This change in methodology had no impact in the prior year on the Company's profit and loss account. FRS101 provides complete exemption from all of the disclosure requirements of IFRS13. Equivalent disclosures are made in the consolidated financial statements of North West Electricity Networks Limited.

In the current year the Directors are not aware of any new or revised Standards or Interpretations which have impacted these financial statements.

Statutory format of the primary statements

As a result of the adoption of FRS 101 the terminology used in respect of the primary statements has been updated to comply with the prescribed Companies Act 2006 format.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Debtors

Debtors are stated at their historical cost, which approximately equates to their fair value, with any allowances made for any estimated irrecoverable amounts.

Creditors

Creditors are stated at their historical cost, which approximately equates to their fair value. This in turn equates to carrying value and represents accrued interest payable.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes *(continued)*

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Borrowings

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an amortised cost basis to the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Borrowing costs and interest income

All borrowing costs and interest income that are not directly attributable to the acquisition, issue or disposal of a financial asset or financial liability are recognised in the profit and loss account in the period in which they are accrued. Transaction costs that are directly attributable to the issue of the financial liabilities have been capitalised, and are being amortised, within Electricity North West Limited ('ENWL'), since that company is deemed to have the financial benefit of the financing transactions.

Derivatives and borrowings

Borrowings are accounted for at amortised cost whilst derivatives are recognised separately on the balance sheet at fair value. Movements in fair values are reflected through the profit and loss account. This has the potential to introduce considerable volatility to both the profit and loss account and balance sheet where hedge accounting cannot be applied. This area is considered to be of significance due to the magnitude of the Company's level of borrowings.

Embedded derivatives

Derivatives embedded in other financial instruments, or host contracts, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

The Group is therefore subject to volatility in the profit and loss account due to changes in the fair values of the derivative financial instruments. Further information is provided in note 11 to the financial statements.

Operating profit

Operating profit is stated after charging operating expenses but before investment income, finance expense and other gains and losses.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation

Current tax, representing UK corporation tax, is based on the taxable profit for the period and is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Taxable profit differs from the net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Notes _(continued)_

1. SIGNIFICANT ACCOUNTING POLICIES _(continued)_

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are provided, using the liability method, on all taxable temporary differences at the balance sheet date. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer more likely than not that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax is charged or credited to the profit and loss account, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Critical accounting policies

In the process of applying the Company's accounting policies, the Company is required to make certain estimates, judgements and assumptions that it believes are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the years presented.

On an ongoing basis, the Company evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the year in which the facts that give rise to the revision become known.

The following policies are those critical judgements which the Company believes have the most significant impact on the annual results under FRS 101.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Fair values of derivative financial instruments

The Company uses derivative financial instruments to manage the exposure to interest rate risk and inflation risk. The Board has authorised the use of derivatives by the Company to reduce the risk of loss arising from changes in market risks, and for economic hedging reasons. All derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. Changes in the fair value of all derivative financial instruments that are not in a hedging relationship are recognised in the profit and loss account within finance expense as they arise.

The Company is therefore subject to volatility in the profit and loss account due to changes in the fair values of the derivative financial instruments. Further information is provided in note 11 to the financial statements.

Notes *(continued)*

2. OPERATING PROFIT

Audit fees payable to Deloitte LLP of £7,021 (2013: £7,588) were borne by another Group company and have not been recharged. There are no non-audit fees in 2014 (2013: £nil). Any fees payable to professional service firms are borne by ENWL.

3. DIRECTORS AND EMPLOYEES

The Company had no employees during the period. Directors' costs are borne by another Group company and cannot be fairly apportioned to the Company.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 **£'000**	2013 £'000
Interest receivable from Group companies	**12,841**	12,854

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 **£'000**	2013 £'000
Interest payable		
Interest payable on borrowings held at amortised cost	**12,375**	12,369
Fair value gains on financial instruments at fair value through profit or loss		
Derivatives	**(2,091)**	(1,117)
Net interest payable and similar charges	**10,284**	11,252

Notes *(continued)*

6. TAX

	2014 £'000	2013 £'000
Current tax:		
UK corporation tax	**456**	475
Deferred tax (note 13):		
Current year	**275**	92
Prior year	**(86)**	(24)
	645	543

Corporation tax is calculated at 23% (2013: 24%) of the estimated assessable profit for the period.

The 2013 Finance Act legislated that the UK corporation tax main rate will reduce to 21% from April 2014 and to 20% from 1 April 2015. The tax disclosures reflect deferred tax calculated based on the 20% rate resulting in a credit of £127,000 from the change in future tax rates.

We are not anticipating a material deferred tax reversal at the rate of 21% applicable for the next financial year.

The table below reconciles the notional tax charge at the UK corporation tax rate to the effective tax rate for the period:

	2014 £'000	**2014 %**	2013 £'000	2013 %
Profit before tax	**2,557**		1,602	
Tax at the UK corporation tax rate 23% (2013: 24%)	**588**	**23.0**	385	24.0
Non-taxable expense	**184**	**7.2**	187	11.7
Impact from change in future tax rates	**(127)**	**(5.0)**	(29)	(1.8)
	645	**25.2**	543	33.9

Notes *(continued)*

7. DEBTORS: DUE WITHIN ONE YEAR

	2014	2013
	£'000	£'000
Amounts falling due within one year:		
Amounts due from Group companies	**25,313**	24,847

8. DEBTORS: DUE AFTER ONE YEAR

	2014	2013
	£'000	£'000
Amount falling due after one year:		
Amounts due from Group company	**198,728**	198,603
Derivative financial instruments	**95,493**	65,391
	294,221	263,994

The Company has loaned Electricity North West Limited £200.0m at 6.125 per cent fixed rate due 2021. The proceeds received by Electricity North West Limited net of discount on issue were £198.2m and terms are aligned to the terms of the external Notes (see note 10) and associated intercompany hedging arrangements. The carrying value of the receivable reflects the amortisation of the discount. Interest receivable in the year as a result of this balance was £12.3m (2013: £12.4m). The Company also loaned North West Electricity Networks Limited ("NWEN Ltd") £20.5m, repayable on demand (see note 7). These amounts were as a result of the Group refinance and Notes issued by the Company on 21 July 2009. Interest receivable relating to this balance in the year was £0.5m (2013: £0.5m).

9. CASH AT BANK AND IN HAND

	2014	2013
	£'000	£'000
Cash at bank and in hand	**12**	12

10. BORROWINGS

This note provides information about the contractual terms of the Company's loans and borrowings. For more information about the Company's exposure to interest rate risk and liquidity risk see note 11.

	2014	2013
	£'000	£'000
Non-current liabilities (Borrowings measured at amortised cost)		
6.125% £200m bond maturing 2021	**198,728**	198,603

The Company has issued £200.0m 6.125 per cent fixed rate Notes due 2021, guaranteed by ENWL. All loans and borrowings are unsecured. All amounts are in sterling.

Borrowing facilities

The Company had no unutilised committed bank facilities at 31 March 2014 (2013: £nil). There is no formal bank overdraft facility in place at 31 March 2014 (2013: £nil).

Notes *(continued)*

11. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2014 £'000	2013 £'000
Financial assets at fair value:		
Fair value through profit or loss (FVTPL)		
Held for trading	**95,493**	65,391
Financial liabilities at fair value:		
Fair value through profit or loss (FVTPL)		
Held for trading	**(108,418)**	(80,407)

Profit for the year has been arrived at after charging/(crediting):

	2014 £'000	2013 £'000
Financial assets at fair value		
Fair value through profit or loss (FVTPL)		
Held for trading	**(30,102)**	36,823
Financial liabilities at fair value		
Fair value through profit or loss (FVTPL)		
Held for trading	**28,011**	(37,940)
Net credit to profit and loss account (note 5)	**(2,091)**	(1,117)

Valuation techniques and assumptions applied for the purposes of measuring fair values

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debenture and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivate instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivate instruments held by the Company are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivates. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves.

Significant assumptions used in determining fair value of financial assets and liabilities

Derivatives

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps.

Under interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to change the basis of interest cash flows from fixed to inflation-linked, for economic hedging reasons. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract. The average interest rate is based on the outstanding balances at the end of the financial year.

Notes *(continued)*

11. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management

Disclosures around the Company's risk management policies, which are the same as the Group's, can be found in NWENL's consolidated financial statements.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Interest payable	**2,382**	2,378
Amounts owed to immediate parent undertakings	**2,381**	1,929
	4,763	4,307

13. PROVISIONS FOR LIABILITIES

Deferred Tax

The following are the deferred tax liabilities recognised by the Company, and the movements thereon, during the current and prior year.

	Total £'000
At 1 April 2012	590
Charged to the profit and loss account (note 6)	68
At 1 April 2013	658
Charged to the profit and loss account (note 6)	189
At 31 March 2014	**847**

The deferred tax arises on certain financing items, primarily relating to the derivatives.

There are no unrecognised deferred tax assets or liabilities in either the current or prior year.

Notes *(continued)*

14. CALLED UP SHARE CAPITAL

	2014 £'000	2013 £'000
Authorised:		
50,000 ordinary shares of £1 each	**50**	50

	2014 £'000	2013 £'000
Allotted and part paid:		
50,000 ordinary shares of £1 each, of which £0.25 has been called up and paid	**13**	13

15. TOTAL SHAREHOLDER'S FUNDS

	Share Capital £'000	**Profit and Loss Account £'000**	**Total £'000**
Balance at 1 April 2012	13	3,806	3,819
Profit for the year	-	1,059	1,059
Balance at 31 March 2013	13	4,865	4,878
Profit for the year	-	1,912	1,912
Balance at 31 March 2014	**13**	**6,777**	**6,790**

16. FINANCIAL COMMITMENTS

There are no contracted for but not provided for financial commitments at the year end (2013: same).

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The largest group in which the results of the Company are consolidated is that headed by North West Electricity Networks (Jersey) Limited incorporated in Jersey. The smallest group in which they are consolidated is that headed by North West Electricity Networks Limited, a Company incorporated and registered in the UK. The consolidated financial statements of this group are available to the public and may be obtained from 304 Bridgewater Place, Birchwood Park, Warrington, WA3 6XG.

The immediate parent undertaking is North West Electricity Networks Limited and the ultimate parent undertaking is North West Electricity Networks (Jersey) Limited, a company incorporated and registered in Jersey. The external address of the ultimate parent company is: Ogier House, The Esplanade, St Helier, Jersey, JE4 9WG.

First State Investment Fund Managements S.a.r.l on behalf of First State European Diversified Infrastructure Fund FCP-SIF ('EDIF') and IIF Int'l Holding GP Ltd ('IIF') have been identified as ultimate controlling parties and are advised by Colonial First State Global Asset Management (a member of the Commonwealth Bank of Australia Group) and JP Morgan Investment Management Inc respectively.