Company Registration No. 06845434

ENW FINANCE PLC

Annual Report and Financial Statements

for the year ended 31 March 2025

Contents

Strategic Report

The directors present their Strategic Report on ENW Finance plc ("the Company") for the year ended 31 March 2025.

Business review and principal activities

The principal activity of the Company is as a financing company within the North West Electricity Networks (Jersey) Limited ("NWEN (Jersey)") group, part of the wider group headed by Iberdrola, S.A., one of the largest utility companies in the world and a leader in renewable energy.

During the year, Scottish Power Energy Networks Holdings Limited ("Scottish Power"), part of the group headed by Iberdrola, S.A., acquired 88% of the shares of NWEN (Jersey), with the remaining 12% of the shares retained by KDM Power Limited. For more information, see page 4 and Note 17.

There have been no changes to the activity of the Company as a result of the acquisition by Scottish Power.

The Company issues listed debt and on-lends the net proceeds of the debt to the main trading company in the Group, Electricity North West Limited ("ENWL"), which is the guarantor of the issued debt of the Company.

The Company holds an inter-company derivative liability with ENWL that matures in 2038. The terms of an inter-company loan incorporate the equal but opposite terms of this inter-company derivative liability and, thereby, create a hybrid loan asset with ENWL that matures in 2038.

In the year ended 31 March 2025, no new debt was issued by the Company, neither was any debt repaid by the Company.

There have been no significant changes to the activity of the Company in the year ended 31 March 2025, nor are there any planned changes.

Financial review and key performance indicators

The performance of the Company is monitored by the Board of directors with reference to key performance indicators (KPIs). Performance against those measures for the years ended 31 March 2025 and 2024 is set out below:

Financial KPIs	2025 £000	2024 £000
Profit before income tax	**502**	512
Net current assets	**114**	211
Net assets	**18,026**	17,646

Profit before income tax

The results for the year are set out in the Statement of Profit or Loss and Other Comprehensive Income on page 16.

The profit before income tax is derived from the interest receivable earned on the loan to parent of £496k (Note 6), bank interest of £3k, (Note 6), plus the annual profit element (APE) on the two loans to group at amortised cost of £20k, net of £16k of bank charges and transaction costs expensed in the year and £1k operating costs. All other items of finance income and finance expense net to nil.

The £10k decrease in profit before income tax, was as a result of higher transaction costs expensed in the year.

Strategic Report (continued)

Net current assets and Net assets

The Statement of Financial Position of the Company is set out on page 17, showing an increase in net assets of £380k. This increase is due to the profit before tax of £502k, as explained above, net of an increase in corporation tax liability of £464k (Note 12) and a decrease in the deferred tax liability of £342k (Note 8 and 15). Whilst there have been significant movements on the other balance sheet items, those relate to items of finance income and finance expense and net to nil.

The cash of £158k (2024: £7k) has increased primarily as a result of the settlement of £168k of the Annual Profit Element (APE) balances.

Derivatives

The Company uses an inter-company index-linked derivative to economically hedge exposure to fluctuations in market rates over the medium to long-term, converting fixed rate debt to index-linked borrowing. The derivative relates directly to underlying debt. At 31 March 2024 and 2025 there were no formal hedge accounting relationships in the Company.

Hybrid loan asset

Under the terms of an inter-company loan agreement, the cash flows under the inter-company derivative and associated underlying debt were transferred to ENWL, creating an inter-company hybrid loan asset, measured in its entirety at fair value through profit or loss.

Fair values

The inter-company derivative and inter-company hybrid loan asset are accounted for at fair value through profit or loss. Whilst there are considerable uncertainties regarding the fair value of these instruments due to changes in interest and inflation rates, the movements are non-cash, reverse over the life of the instruments, and the movements of each are equal and opposite, thus having a £nil impact on profit or loss and retained earnings.

Non-financial key performance indicators

As the Company is solely a financing company and there are no employees, there are no non-financial KPIs relevant to the Company.

A review of the Group's non-financial KPIs is disclosed in the Non-Financial and Sustainability Information Statement on pages 23 to 27 of the Strategic Report of the ENWL Annual Report and Consolidated Financial Statements, which are available on the website, www.enwl.co.uk.

Environment and climate change

As the Company is solely a financing company, the activities of the Company cause no direct impact on, nor are directly impacted by, the environment or climate change.

The NWEN (Jersey) group is dedicated to achieving the highest standards of environmental performance, by minimising the risk of negative impacts of its activities and investing in outputs that deliver positive environmental impacts. More information can be found on pages 14 to 16, and pages 23 to 27 of the Strategic Report of the ENWL Annual Report and Consolidated Financial Statements, which are available on the website, www.enwl.co.uk.

Strategic Report (continued)

Principal risks and uncertainties

An assessment of the change in risk affecting the Company has been carried out and the principal risks are deemed comparable year on year.

The principal risks affecting the Company relate to the ability to meet the obligations under the external debt.

As the amounts due in respect of the external debt are met via income receivable from ENWL, the Board considers the principal risks and uncertainties facing the Company to be those that affect ENWL. A comprehensive review of the strategy and operating model, the regulatory environment, the resources and principal risks and uncertainties facing ENWL are outlined on pages 43 to 50 of the Strategic Report of the ENWL Annual Report and Consolidated Financial Statements, which are available on the website, www.enwl.co.uk.

Going concern

When considering whether to continue to adopt the going concern basis in preparing these financial statements, the directors have taken into account a number of factors, including the financial position of the Company and the group in which it operates.

The Company is a subsidiary of North West Electricity Networks (Jersey) Limited ("NWEN (Jersey)"); the key trading subsidiary in the group is Electricity North West Limited ("ENWL"). In consideration of this, the directors of the Company are cognisant of the going concern assessments and conclusions related to going concern along with all related disclosures in the financial statements of both NWEN (Jersey), pages 11 to 12, and ENWL, pages 40 to 41, for the year ended 31 March 2025, the latter of which is available on the website www.enwl.co.uk.

In addition to the above, on 16 June 2025 Scottish Power UK plc provided NWEN (Jersey) with a letter of support detailing the financial support it has committed to the group headed by NWEN (Jersey). An amount of £500.0m is available and can be utilised by NWEN (Jersey) and any of its subsidiaries, including the Company. This commitment will remain in place until the earlier of NWEN (Jersey) group securing alternative financing or 12 months from the date of approval of these financial statements, and will incur a charge of 20 basis points per annum whilst in place.

After making appropriate enquiries, and with consideration of the guidance published by the Financial Reporting Council (FRC), the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its obligations as they fall due for the foreseeable future. In making this assessment, the directors have considered the foreseeable future to be a period of at least 12 months from the date of approval of these financial statements, per the FRC guidelines. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Approved by the Board on 16 June 2025 and signed on its behalf by:

Chris Johns
Director

Directors' Report

The directors present their Annual Report and Financial Statements of ENW Finance plc ("the Company") for the year ended 31 March 2025.

General information

The Company is a public company limited by shares and incorporated and domiciled in England, the United Kingdom under the Companies Act 2006. The principal activity of the Company is as a financing company within the North West Electricity Networks (Jersey) Limited ("NWEN (Jersey)") group, part of the wider group headed by Iberdrola, S.A., one of the largest utility companies in the world and a leader in renewable energy.

Parent, ultimate parent and controlling party

The immediate parent undertaking is North West Electricity Networks plc, a company incorporated and registered in the United Kingdom.

At 31 March 2024, the ultimate parent undertaking and ultimate controlling party was NWEN (Jersey), a company incorporated and registered in Jersey.

On 22 October 2024, Scottish Power Energy Networks Holdings Limited ("Scottish Power"), part of the group headed by Iberdrola S.A., acquired 88% of the shares of NWEN (Jersey), with the remaining 12% of the shares retained by KDM Power Limited.

The transaction was subject to review by the Competition and Markets Authority ("CMA") pursuant to the regulations applicable to mergers of energy network companies in the United Kingdom; the CMA imposed an Initial Enforcement Order ("IEO") preventing any integration until CMA approval was granted. CMA approval was granted, and the IEO lifted, on 20 March 2025. In the period from 22 October 2024 to 20 March 2025, despite Scottish Power's 88% equity ownership of NWEN (Jersey), Scottish Power did not control NWEN (Jersey), nor therefore the Company, due to the restrictions in the IEO.

Scottish Power gained control of NWEN (Jersey) on 20 March 2025, when the CMA approval was granted and the IEO lifted.

At 31 March 2025, the directors regard Iberdrola, S.A., a company incorporated and registered in Spain, as the ultimate parent undertaking and the ultimate controlling party.

Dividends

Dividends paid in the year were £nil (2024: £nil). The directors do not propose a final dividend for the year ended 31 March 2025.

As this is solely a financing company, the policy is that dividends are not paid from this company.

Financial instruments

The use of financial instruments and their related risks are disclosed in the Financial Review and Principal Risks and Uncertainties sections of the Strategic Report on page 3.

Financial risk management

Disclosure around the Company's financial risks can be found in the Principal Risks and Uncertainties sections of the Strategic Report on page 3, and in Note 14.

Engagement with suppliers, customers and others

The directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others. The Company is solely a financing company, is non-trading and has no direct suppliers or customers. The Company's primary business relationships are with finance lenders and investors, relationships with whom are managed by the Head of Corporate Finance and Investor Relations.

Directors' Report (continued)

Employees

There are no employees of the Company.

Greenhouse gas emissions and energy use

There are no greenhouse gas emissions directly attributable to the Company. Disclosures relating to the NWEN (Jersey) group as a whole are reported on pages 15 to 16 of the Strategic Report of the Annual Report and Consolidated Financial Statements of Electricity North West Limited, which are available on the website www.enwl.co.uk.

Future developments

There are no planned changes to the business activities of the Company.

Events after the Balance Sheet date

On 16 June 2025 Scottish Power UK plc provided North West Electricity Networks (Jersey) Limited ("NWEN (Jersey)") with a letter of support detailing the financial support it has committed to the group headed by NWEN (Jersey). An amount of £500.0m is available and can be utilised by NWEN (Jersey) and any of its subsidiaries, including the Company. This commitment will remain in place until the earlier of the NWEN (Jersey) group securing alternative financing, or 12 months from the date of approval of these financial statements, and will incur a charge of 20 basis points per annum whilst in place.

Corporate governance

As the Company has only debt securities listed on the London Stock Exchange, it has availed itself of an exemption from the Financial Conduct Authority's requirement to make corporate governance disclosures and from auditor review thereof.

The NWEN (Jersey) group has established a governance framework for monitoring and overseeing strategy, conduct of business standards and operations of the entire business. Details of the internal control and risk management systems which govern the Company are outlined in the Corporate Governance Report on pages 51 to 66 of the ENWL Annual Report and Consolidated Financial Statements, as referenced above.

Directors

The directors of the Company who were in office during the year were:

Executive Directors

- Chris Johns
- Ian Smyth

Non-executive Directors

- Beatrice Araujo (appointed 21 March 2025)
- Robert Holden (resigned 21 March 2025)
- Charles Langan (appointed 21 March 2025)

Directors served for the whole year, and to the date of this report, except where otherwise indicated.

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.

Directors' Report (continued)

Directors' and officers' insurance

The NWEN (Jersey) group maintains an appropriate level of directors' and officers' liability insurance whereby directors are indemnified against liabilities to the extent permitted by the Companies Act.

The insurance is a group policy, held in the name of the ultimate parent, Iberdrola, S.A., and is for the benefit of that company and all its subsidiaries. NWEN (Jersey) and all its subsidiaries were added to the policy on 22 October 2024, the date Iberdrola, S.A. acquired its shareholding in NWEN (Jersey). Prior to this date, NWEN (Jersey) arranged a policy in its own name which has subsequently been cancelled.

In addition, on 23 March 2025 the ENW board by way of written resolution approved the grant to the directors of a qualifying third-party indemnity provision.

Independent auditor

PricewaterhouseCoopers LLP, Statutory Auditor, Manchester, United Kingdom is acting as independent auditor for the current year, but will then step down. KPMG LLP, the independent auditor of Iberdrola, S.A. and its subsidiaries, will be proposed for appointment as the statutory auditor of the Company.

Registered address

The Company is registered in England, the United Kingdom, at the following address:

ENW Finance plc
c/o Electricity North West
Borron Street
Stockport
England
SK1 2JD

Registered number: 06845434

Approved by the Board on 16 June 2025 and signed on its behalf by:

Chris Johns
Director

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 101 *'Reduced Disclosure Framework',* and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for 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 also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's financial statement published on the ENWL company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date this report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board of directors on 16 June 2025 and is signed on its behalf by:

Chris Johns
Director

Independent auditors' report to the members of ENW Finance plc

Report on the audit of the financial statements

Opinion

In our opinion, ENW Finance plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); 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 Statement of Financial Position as at 31 March 2025; the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the individuals comprising those charged with governance.

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, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

Our audit approach

Overview

Audit scope

Independent auditors' report to the members of ENW Finance plc (continued)

The engagement relates to the audit of the Company standalone financial statements only. All work was performed directly by the audit engagement team.

Key audit matters

Valuation of Derivative Financial Instruments

Materiality

Overall materiality: £9.53m (2024: £9.77m) based on 1% of total assets.
Performance materiality: £7.15m (2024: £7.33m).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Material uncertainty related to going concern, which was a key audit matter last year, is no longer included because of the conclusion of the Strategic Review undertaken by the shareholders of the Company's former ultimate parent undertaking, North West Electricity Networks (Jersey) Limited ("NWEN (Jersey)"), which resulted in the sale of 88% of the shares of NWEN (Jersey) to the group headed by Iberdrola SA. As a result, the conditions giving rise to a material uncertainty related to going concern in the prior year are no longer present. Otherwise, the key audit matters below are consistent with last year.

Independent auditors' report to the members of ENW Finance plc (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of Derivative Financial Instruments Refer to Note 14 in the financial statements. At 31 March 2025 the Company holds an intercompany derivative liability of £192m and a hybrid loan asset of £192m. We consider there to be a heightened risk of error in the credit risk adjustments (the 'risk adjustments') which form part of the fair value of derivatives. This heightened risk does not extend to the underlying risk free valuations, as the method, assumptions, and data used are all considered to be reliable and appropriate to their nature and do not require significant judgement. The risk adjustments have the effect of reducing the overall value of the derivative liabilities by £34.7m.	To assess the appropriateness of the valuation of derivative financial instruments, including risk adjustments, we performed the following: > We assessed the reasonableness of the risk adjustments using independently sourced data points and models; > We understood the underlying control environment applied to the valuation of the instruments; > We tested the models and key assumptions used by management to value derivatives; > We assessed the adequacy of the disclosures within the financial statements, including the disclosure requirements related to the Level 3 inputs used for valuing the risk adjustments; and > We prepared independent valuations for derivatives within the portfolio as at 31 March 2025 on a pre and post risk adjusted basis, including independently calculating individual risk adjustments. We concluded that valuations of derivatives, including the determination of risk adjustments, were in line with ranges and thresholds we independently determined using independently sourced data points.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

Based on our audit risk assessment we identified relevant risks of material misstatement and directed our work in those areas, including in relation to designing and executing audit procedures over the valuation of derivative financial instruments held by the Company.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the Company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Independent auditors' report to the members of ENW Finance plc (continued)

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Company materiality	£9.53m (2024: £9.77m).
How we determined it	1% of total assets
Rationale for benchmark applied	Based on the activities of the Company as a group financing entity, total assets is a primary measure used by the shareholders in assessing the financial position of the entity.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £7.15m (2024: £7.33m) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the individuals comprising those charged with governance that we would report to them misstatements identified during our audit above £0.33m (2024: £0.28m) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's forecast base case and downside scenarios and challenging the appropriateness of underlying assumptions;
- reviewing management accounts for the financial period to date and comparing those with management's scenarios;
- evaluating the historical accuracy of management forecasts;
- testing the mathematical integrity of management's going concern forecast models;
- reviewing the disclosures made in respect of going concern included in the financial statements;
- reviewing the letter of support provided by Scottish Power UK plc and assessing the Directors' evaluation of Scottish Power UK plc's ability to provide financial support up to the level required under all forecast scenarios; and
- assessing the liquidity of the Company's guarantor and challenging the available support by applying severe but plausible sensitivities.

Independent auditors' report to the members of ENW Finance plc (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 March 2025 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.

Independent auditors' report to the members of ENW Finance plc (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and applicable tax laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries to improve financial performance, and management bias within accounting estimates and judgements. Audit procedures performed by the engagement team included:

- challenging assumptions and judgements made by management in their significant accounting estimates;
- discussions with those charged with governance, management and internal audit including consideration of known or suspected instances of non-compliance with laws and regulation or fraud;
- reviewing minutes of meetings of those charged with governance;
- auditing the calculations supporting tax balances and disclosures;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- reviewing financial statements disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

Independent auditors' report to the members of ENW Finance plc (continued)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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. 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 obtained 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.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the individuals comprising those charged with governance, we were appointed by the members on 16 September 2022 to audit the financial statements for the year ended 31 March 2023 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ended 31 March 2023 to 31 March 2025.

Independent auditors' report to the members of ENW Finance plc (continued)

Other matter

The Company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Simon White (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

16 June 2025

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

	Note	**2025** **£000**	2024 £000
Operating loss	4	**(1)**	(1)
Finance income	6	**28,119**	115,337
Finance costs	7	**(27,616)**	(114,824)
Profit before income tax		**502**	512
Income tax expense	8	**(122)**	(348)
Profit for the financial year		**380**	164
Other comprehensive income for the financial year		**-**	-
Total comprehensive income for the financial year		**380**	164

The results for the current and prior year are derived from continuing operations.

The above statement of profit or loss and other comprehensive income should be read in conjunction with the notes which form part of these financial statements.

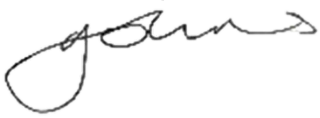
Statement of Financial Position

As at 31 March 2025

	Note	2025 £000	2024 £000
ASSETS			
Non-current assets			
Loans to group undertakings	9	**936,068**	960,698
Current assets			
Amounts owed by group undertakings	10	**17,301**	17,087
Cash and cash equivalents		**158**	7
Total current assets		**17,459**	17,094
Total assets		**953,527**	977,792
LIABILITIES			
Current liabilities			
Trade and other payables	11	**(10,171)**	(10,173)
Amounts owed to parent undertaking	12	**(7,174)**	(6,710)
Total current liabilities		**(17,345)**	(16,883)
Net current assets		**114**	211
Total assets less current liabilities		**936,182**	960,909
Non-current liabilities			
Borrowings	13	**(723,651)**	(723,450)
Derivative financial instruments	14	**(192,181)**	(217,147)
Deferred tax	15	**(2,324)**	(2,666)
Total non-current liabilities		**(918,156)**	(943,263)
Total liabilities		**(935,501)**	(960,146)
Net assets		**18,026**	17,646
CAPITAL AND RESERVES			
Called up share capital	16	**13**	13
Retained earnings		**18,013**	17,633
Total shareholders' funds		**18,026**	17,646

The above statement of financial position should be read in conjunction with the notes which form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of directors on 16 June 2025 and signed on its behalf by:



Chris Johns
Director

Statement of Changes in Equity

For the year ended 31 March 2025

	Called up share capital (Note 16) £000	Retained earnings £000	Total shareholder's funds £000
At 1 April 2023	13	17,469	17,482
Profit and total comprehensive income for the financial year	-	164	164
At 31 March 2024 and 1 April 2024	**13**	**17,633**	**17,646**
Profit and total comprehensive income for the financial year	**-**	**380**	**380**
At 31 March 2025	**13**	**18,013**	**18,026**

The above statement of changes in equity should be read in conjunction with the notes which form part of these financial statements.

Notes to the Financial Statements

ENW Finance plc is a public company limited, incorporated and domiciled in the United Kingdom. Its registered office and principal place of business is at Electricity North West, Borron Street, Stockport, England, SK1 2JD.

The financial statements are presented in sterling, which is the functional currency of the Company. All values are stated in thousand pounds (£000) unless otherwise indicated.

The financial statements are prepared on the going concern basis. Further detail on the going concern assessment is contained in the Strategic Report, page 3, and in Note 2.

1. Adoption of new and amended standards

There are no new or amended standards effective for the current year that impact the Company.

2. Material accounting policy information

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently in the current and prior year.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 '*Reduced Disclosure Framework'* (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by derivative financial instruments measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The Company has adopted FRS 101 on the basis that it meets the definition of a qualifying entity under FRS 100 '*Application of Financial Reporting Requirements'* and the financial statements have, therefore, been prepared in accordance with FRS 101, as issued by the Financial Reporting Council.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, *'Financial instruments: Disclosures'*,
- Paragraphs 91 to 99 of IFRS 13, *'Fair value measurement'* of valuation techniques and inputs used for fair value measurement of assets and liabilities),
- The following paragraphs of IAS 1, *'Presentation of financial statements'*: 10(d) statement of cash flows; 16 statement of compliance with all IFRS; 38B-D additional comparative information; 111 statement of cash flows information; and 134-136 capital management disclosures,
- IAS 7, *'Statement of cash flows'*,
- Paragraphs 30 and 31 of IAS 8, '*Accounting policies, changes in accounting estimates and errors*' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective),
- Paragraph 17 of IAS 24, '*Related party disclosures*' (key management compensation),
- The requirements in IAS 24, '*Related party disclosures'*, to disclose related party transactions entered into between two or more members of a group.

Where relevant, equivalent disclosures are given in the consolidated financial statements of North West Electricity Networks plc, the Company's immediate parent; these consolidated financial statements are available to the public and can be obtained as set out in Note 17.

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 reviewed by management.

Notes to the Financial Statements (continued)

2. Material accounting policy information (continued)

Going concern

When considering whether to continue to adopt the going concern basis in preparing these financial statements, the directors have taken into account a number of factors, including the financial position of the Company and the group in which it operates.

The Company is a subsidiary of North West Electricity Networks (Jersey) Limited ("NWEN (Jersey)"); the key trading subsidiary in the NWEN (Jersey) group is Electricity North West Limited ("ENWL"). In consideration of this, the directors of the Company are cognisant of the going concern assessments and conclusions related to going concern along with all related disclosures in the financial statements of both NWEN (Jersey), pages 11 to 12, and ENWL, pages 40 to 41, for the year ended 31 March 2025, the latter of which is available on the website www.enwl.co.uk.

In addition to the above, on 16 June 2025 Scottish Power UK plc provided NWEN (Jersey) with a letter of support detailing the financial support it has committed to the group headed by NWEN (Jersey). An amount of £500.0m is available and can be utilised by NWEN (Jersey) and any of its subsidiaries, including the Company. This commitment will remain in place until the earlier of the NWEN (Jersey) group securing alternative financing, or 12 months from the date of approval of these financial statements, and will incur a charge of 20 basis points per annum whilst in place.

After making appropriate enquiries, and with consideration of the guidance published by the Financial Reporting Council (FRC), the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and meet their obligations as they fall due for the foreseeable future. In making this assessment, the directors have considered the foreseeable future to be a period of at least 12 months from the date of approval of these financial statements, per the FRC guidelines. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Notes to the Financial Statements (continued)

2. Material accounting policy information (continued)

Taxation

The tax expense represents the sum of current and deferred tax charges for the financial year, adjusted for prior year items.

Current taxation

Current tax is based on taxable profit for the year and is calculated using tax laws that have been enacted or substantively enacted by the balance sheet date. Taxable profit may differ from the net profit as reported in profit or loss 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.

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 and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for 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.

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 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 probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Notes to the Financial Statements (continued)

2. Material accounting policy information (continued)

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs, directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss, are recognised immediately in the statement of profit or loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised as a gain or loss on initial recognition (i.e., day 1 profit or loss); and
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e., day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss such that it reaches a value of zero at the time when the contract can be valued using active market quotes or verifiable objective market information. The Company policy for the amortisation of day 1 gain or loss is to release it in a reasonable fashion based on the facts and circumstances (e.g., using a straight-line amortisation).

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Financial Statements (continued)

2. Material accounting policy information (continued)

Classification of financial assets (continued)

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has no financial assets at FVTOCI.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Amortised cost and effective interest method

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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. The Company has no financial assets purchased or originated credit-impaired, or that have subsequently become credit-impaired.

Interest income is recognised in profit or loss and is included in the 'Finance income' line item.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically, the financial assets held by the Company classified as at FVTPL are derivatives and an inter-company hybrid contract; these are stated at fair value, with any fair value gains or losses recognised in the profit or loss to the extent they are not part of a designated hedging relationship. Fair value is determined in the manner described in Note 14.

Notes to the Financial Statements (continued)

2. Material accounting policy information (continued)

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

a) *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the financial instrument has a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

Notes to the Financial Statements (continued)

2. Material accounting policy information (continued)

Impairment of financial assets (continued)

b) *Definition of default*

The Company considers that default has occurred when a financial asset is more than 90 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

c) *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

d) *Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. The exposure at default is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments, with a corresponding adjustment to their carrying amount account.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and other short-term highly liquid investments which are readily convertible into known amounts of cash and have an original maturity of three months or less and which are subject to an insignificant risk of change in value.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Notes to the Financial Statements (continued)

2. Material accounting policy information (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities measured subsequently at FVTPL

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The Company has no financial liabilities designated at FVTPL. Fair value is determined in the manner described in Note 14.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not at FVTPL are measured subsequently at amortised cost using the effective interest method.

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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums and discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Trade payables

Trade payables are initially recorded at fair value and subsequently at amortised cost.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability, or part of it, as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

Notes to the Financial Statements (continued)

2. Material accounting policy information (continued)

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and inflation risk. Further details of derivative financial instruments are disclosed in Note 14.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss, in finance expenses, immediately unless the derivative is designated in a hedging relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9: *Financial Instruments* are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, 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.

Hedge accounting

The Company considers hedge accounting when entering any new derivative, however, there are currently no formal hedging relationships in the Company.

Notes to the Financial Statements (continued)

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the group's accounting policies

The directors do not deem there to be any critical accounting judgements that affect the Company.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are outlined below.

Fair values of derivative financial instruments

In estimating the fair value of derivative financial instruments, the Company uses market-observable data (Level 1 and 2 inputs) to the extent it is available. Where such data is not available, certain estimates (Level 3 inputs) regarding inputs to the valuation are required to be made. The inputs regarding the Company's credit risk are deemed to be Level 3 inputs, as there are no observable credit related inputs for the Company at commonly quoted intervals or otherwise interpolated for substantially the full term of the instruments. The credit risk profile of the Company has been based on a UK utility credit curve provided by a third-party data provider. It is this assumption that is deemed to be Level 3. Level 3 inputs form a significant part of the fair value of the financial instruments held by the Company. Further information about the fair values is disclosed in Note 14, along with analysis of the sensitivity of the fair values to the Level 3 inputs.

4. Operating loss

Audit fees payable to PricewaterhouseCoopers LLP ("PwC") for the audit of the financial statements of £65,411 (2024: £63,014) were borne by another company in the NWEN (Jersey) group and have not been recharged. These fees include £nil of additional fees in relation to the prior year (2024: £11,832). Total non-audit fees payable to PwC were £nil (2024: £nil).

5. Directors and employees

The Company had no employees during the year (2024: none).

For the year ended 31 March 2024 and 2025, directors' costs are borne by another company in the NWEN (Jersey) group which makes no recharge to the Company and it is not possible to make an accurate apportionment to the Company. Total directors' remuneration is disclosed in the consolidated financial statements of North West Electricity Networks plc, the immediate parent company.

Notes to the Financial Statements (continued)

6. Finance income

	2025	2024
	£000	£000
Interest from short-term bank deposits at amortised cost	**3**	-
Interest from parent company on loan at amortised cost	**496**	498
Interest from group company on loan at amortised cost	**25,261**	25,222
Interest from group company on hybrid loan asset at FVTPL[1]	**2,359**	2,655
Accretion from group company on hybrid loan asset at FVTPL	**-**	86,962
Finance income	**28,119**	115,337

[1] There have been £nil (2024: £87.0m) accretion receipts on the hybrid loan asset in the year; these are scheduled five-yearly and seven-yearly, with the next payment due in July 2027.

7. Finance costs

	2025	2024
	£000	£000
Finance expenses (excluding unrealised fair value movements):		
On borrowings held at amortised cost	**25,257**	25,207
Net interest settlements on inter-company derivative liability	**2,359**	2,655
Accretion paid on inter-company derivative[1]	**-**	86,962
Impairment of inter-company loan	**(135)**	(460)
Reimbursement of inter-company loan impairment	**135**	460
	27,616	114,824
Unrealised fair value movements on financial instruments[2]:		
Inter-company hybrid loan asset (Note 14)	**24,966**	95,154
Inter-company derivative liability (Note 14)	**(24,966)**	(95,154)
	-	-
Finance costs	**27,616**	114,824

[1] There have been £nil (2024: £87.0m) accretion payments on the inter-company derivative in the year; these are scheduled five-yearly and seven-yearly, with the next payment due in July 2027.

[2] Details on the valuation techniques used to derive the fair values can be found in Note 14.

Notes to the Financial Statements (continued)

8. Income tax expense

	2025	2024
	£000	£000
Current tax:		
Current year	**494**	527
Adjustment in respect of prior year	**(30)**	-
	464	527
Deferred tax (Note 15):		
Current year	**(179)**	(179)
Adjustment in respect of prior year	**(163)**	-
	(342)	**(179)**
Income tax expense	**122**	348

Corporation tax is calculated at 25% (2024: 25%) of the estimated assessable profit for the year. Deferred tax is calculated at 25% (2024: 25%), being the rate at which it is expected to reverse. There is no unrecognised deferred tax in the Company.

The table below reconciles the notional tax charge at the UK statutory rate to the effective tax rate for the year:

	2025	2024
	£000	£000
Profit before income tax	**502**	512
Tax at the UK corporation tax rate of 25% (2024: 25%)	**125**	128
Non-taxable expense	**190**	220
Adjustment in respect of prior year	**(193)**	-
Income tax expense	**122**	348

Pillar Two model rules

The ultimate parent company is Iberdrola, S.A., a company based in Spain. Iberdrola, S.A. is the parent company of a global group within the scope of the Organisation for Economic Co-operation and Development's Pillar Two model rules and is, therefore, responsible for calculating the multinational top up tax for the Iberdrola group. The Iberdrola group is not within the scope of multi-national top-up tax. The UK has enacted legislation to incorporate the Pillar Two model rules with effect from 1 January 2024. This includes domestic top up tax ("DTT") legislation. From 20 March 2025, the date Iberdrola, S.A. gained control of the Group, the Group will be consolidated into the Iberdrola group and falls into the scope of the Pillar Two and DTT rules. An assessment has been undertaken to determine if there is a risk of exposure to UK DTT for the period from 20 March 2025 to 31 March 2025. Based on the prescribed rules in the Pillar Two legislation, the calculated UK effective tax rate is assessed to be above 15% and thus no UK DTT charge is expected. The Company has applied the exception available in IAS 12 *'Income Taxes: International Tax Reform – Pillar Two Model Rules'* and has not recognised or disclosed information about deferred tax assets and liabilities related to Pillar Two income taxes.

Notes to the Financial Statements (continued)

9. Loans to group undertakings

	2025 £000	2024 £000
Loan to parent company at amortised cost	**20,500**	20,500
Impairment of loan	**(17)**	(20)
Loan to group company at amortised cost	**299,560**	299,478
Impairment of loan	**(104)**	(160)
Loan to group company at amortised cost	**424,091**	423,972
Impairment of loan	**(143)**	(219)
Hybrid loan asset to group company at FVTPL (Note 14)	**192,181**	217,147
Loans to group undertakings	**936,068**	960,698

In July 2009, the Company lent £20.5m to the immediate parent company, North West Electricity Networks plc; this loan is due for repayment in July 2030. In 2025, interest receivable on this loan was £496k (2024: £498k) (Note 6). This represents an effective interest rate of 2.42% (2024: 2.43%).

In July 2020, the Company lent Electricity North West Limited ("ENWL") £299.2m net proceeds of the £300m 1.415% fixed rate bond maturing in 2030, on terms aligned to the terms of the external bond (Note 13). This inter-company loan is measured at amortised cost and is due for repayment in 2030.

In January 2024, the Company lent ENWL £423.8m net proceeds of the £425m 4.893% fixed rate bond maturing in 2032, on terms aligned to the terms of the external bond (see Note 13). This inter-company loan is measured at amortised cost and is due for repayment in 2032.

In July 2009, the Company lent ENWL £198.2m net proceeds of an external £200m 6.125% fixed rate bond, on terms aligned to both the terms of that bond and an associated inter-company derivative, which formed a hybrid loan asset. The inter-company derivative and, therefore, the hybrid loan asset mature in 2038. The entire hybrid loan asset is required to be measured at fair value through profit or loss. Following the repayment of the external bond in 2021, the remaining cash flows of the hybrid loan asset are equal and opposite to the inter-company derivative and, therefore, the fair value of the hybrid loan asset is equal and opposite to the fair value of the inter-company derivative liability (see Note 14).

Impairment

Financial assets measured at amortised cost are subject to impairment. The credit risk of the inter-company loans at amortised cost has been assessed as low. Accordingly, any loss allowance is measured at an amount equal to 12-month expected credit losses (ECL). In determining the ECL for these assets, the directors have taken into account the historical default experience, the financial position of the counterparty, and the future prospects of the industry, as appropriate, in estimating the probability of default and loss upon default.

In accordance with provisions within the inter-company loan agreements, the Company has requested the reimbursement of the impairment charges (Note 10).

No impairment assessment is required for financial assets held at FVTPL.

Notes to the Financial Statements (continued)

10. Amounts owed by group undertakings

	2025	2024
	£000	£000
Accrued interest due from parent company	**6,837**	**6,341**
Accrued interest due from group company	**10,200**	**10,346**
Reimbursement of inter-company loan impairment due from parent company	**17**	**21**
Reimbursement of inter-company loan impairment due from group company	**247**	**379**
Amounts owed by group undertakings	**17,301**	**17,087**

For more information on the inter-company loans see Note 9.

11. Trade and other payables

	2025	2024
	£000	£000
Trade and other payables	**10,171**	10,173

Trade and other payables relate to accrued interest on the external debt.

12. Amounts owed to parent undertaking

	2025	2024
	£000	£000
Amounts owed to parent undertaking	**7,174**	6,710

Amounts owed to group undertakings relate to amounts owed to North West Electricity Networks plc, for group tax relief and are interest free and repayable on demand.

Notes to the Financial Statements (continued)

13. Borrowings

This note provides information about the contractual terms of the Company's borrowings. For more information about the NWEN (Jersey) group's financial risk management and exposure to credit risk, liquidity risk and market risk, refer to NWEN plc consolidated financial statements.

	2025 **£000**	2024 £000
£300m 1.415% 2030 bond	**299,560**	299,478
£425m 4.893% 2032 bond	**424,091**	423,972
Borrowings	**723,651**	723,450

All borrowings were measured at amortised cost and guaranteed by Electricity North West Limited ("ENWL"). The net proceeds of these borrowings were on-lent to ENWL (see Note 9).

Borrowing facilities

At 31 March 2024 and 2025, the Company had no unutilised committed bank facilities, nor was there a formal bank overdraft facility in place.

14. Financial instruments

Categories of financial instruments at FVTPL

	2025 **£000**	2024 £000
Inter-company hybrid loan asset at FVTPL (Note 9)	**192,181**	217,147
Inter-company derivative financial liability	**(192,181)**	(217,147)

At 31 March 2025, the Company had an inter-company derivative liability with Electricity North West Limited ("ENWL"), and an equal, but opposite, inter-company hybrid loan asset also with ENWL (see Note 9). Under the inter-company derivative, the Company receives SONIA plus 27.66bp and pays 3.577% + RPI, until 2038 on a notional amount of £200m, and makes the equal and opposite cash flows under the inter-company hybrid loan asset.

For cash and cash equivalents, trade and other receivables and trade and other payables the book values approximate to the fair values because of their short-term nature.

Fair values

All of the fair value measurements recognised in the balance sheet for the Company occur on a recurring basis.

As market values are not available, fair values have been calculated by discounting estimated future cash flows based on observable interest and RPI curves sourced from market data (Level 2 inputs). In accordance with IFRS 13, an adjustment for non-performance risk (XVA) has then been made to give the fair value.

Notes to the Financial Statements (continued)

14. Financial instruments (continued)

For the year-ended 31 March 2025, the XVA has been quantified by calculating a bilateral credit valuation adjustment (BCVA) based on both the credit risk profile of the counterparty and the credit risk profile of the Company, using market-available data where possible, and stochastic modelling.

Whilst the inputs to the BCVA in relation to the counterparty credit risk meet the criteria for Level 2 inputs, the inputs regarding the Company's credit risk are deemed to be Level 3 inputs, as there are no observable credit related inputs for the Company at commonly quoted intervals or otherwise interpolated for substantially the full term of the instruments. The credit risk profile of the Company has been based on a UK utility credit curve provided by a third-party data provider. It is this assumption that is deemed to be Level 3.

At 31 March 2025, the Level 3 inputs form a significant part of the fair value and, therefore, these derivatives are disclosed as Level 3 (2024: same).

At 31 March 2025, the adjustment for non-performance risk was £34,743k (2024: £39,789k) on both the hybrid asset and on the derivative liability, all of which is classed as Level 3 (2024: all).

On entering certain derivatives, the valuation technique used resulted in a fair value gain on the hybrid asset and a fair value loss on the derivative liability. As this was neither evidenced by a quoted price nor based on a valuation technique using only data from observable markets, this gain and loss on initial recognition were not recognised. This was supported by the transaction price of nil. The differences are being recognised in the statement of profit or loss on a straight-line basis over the life of the instruments. At 31 March 2025, the aggregate difference yet to be recognised is £17,836k (2024: £19,175k) on both the hybrid asset and on the derivative liability. The movement in the year all relates to the straight-line release to the statement of profit or loss.

The following table provides an analysis of the component parts of the fair values of the hybrid loan asset and derivative liability.

	2025 **£000**	2024 £000
FV of inter-company hybrid loan asset pre IFRS 13 adjustment	**244,760**	276,111
XVA adjustment	**(34,743)**	(39,789)
Day 1 adjustment	**(17,836)**	(19,175)
IFRS 13 FV of inter-company hybrid loan asset (Note 9)	**192,181**	217,147
FV of inter-company derivative liability pre IFRS 13 adjustment	**(244,760)**	(276,111)
XVA adjustment	**34,743**	39,789
Day 1 adjustment	**17,836**	19,175
IFRS 13 FV of inter-company derivative liability	**(192,181)**	(217,147)

Notes to the Financial Statements (continued)

14. Financial instruments (continued)

The sensitivity of the fair values of the inter-company hybrid loan asset and the inter-company derivative liability to the Level 3 inputs, is equal and opposite on each instrument and the impact, therefore nets to nil.

Profit for the year has been derived after charging/(crediting) the following fair value movements:

	2025 £000	2024 £000
Inter-company hybrid loan asset at FVTPL (Note 7)	**24,966**	95,154
Inter-company derivative liability (Note 7)	**(24,966)**	(95,154)
Net charge to statement of profit or loss	**-**	-

Financial risk management

Information on the NWEN (Jersey) group's financial risk management policies, which are applied to the Company, can be found in the NWEN plc consolidated financial statements.

15. Deferred tax

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

	2025 £000	2024 £000
At 1 April	**2,666**	2,845
Credited to statement of profit or loss (Note 8)	**(342)**	(179)
At 31 March	**2,324**	2,666

The deferred tax arises on certain financial instruments, primarily those held at FVTPL.

Deferred tax is calculated at 25% (2024: 25%), being the rate at which it is expected to reverse.

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

16. Called up share capital

	2025 £000	2024 £000
Authorised:		
50,000 ordinary shares of £1 each (2024: 50,000)	**50**	50
Allotted, called up and fully paid:		
50,000 ordinary shares of £1 each of which £0.25 has been called up and paid (2024: 50,000)	**13**	13

Notes to the Financial Statements (continued)

17. Parent, ultimate parent and controlling party

The immediate parent undertaking is North West Electricity Networks plc ("NWEN plc"), a company incorporated and registered in the United Kingdom. The registered address of the immediate parent undertaking is Borron Street, Stockport, Cheshire, SK1 2JD.

The smallest group in which the current and prior year results of the Company are consolidated is that headed by NWEN plc; those consolidated financial statements can be obtained from the above address.

The largest group in which the full current and prior year results of the Company are consolidated is that headed by North West Electricity Networks (Jersey) Limited ("NWEN (Jersey)"), a company incorporated and registered in Jersey; those consolidated financial statements can be obtained from the registered address of NWEN (Jersey), which is 44 Esplanade, St Helier, Jersey, Channel Islands, JE4 9WG.

At 31 March 2024, the ultimate parent undertaking and ultimate controlling party was NWEN (Jersey).

On 22 October 2024, Scottish Power Energy Networks Holdings Limited ("Scottish Power"), part of the group headed by Iberdrola S.A., acquired 88% of the shares of NWEN (Jersey), with the remaining 12% of the shares retained by KDM Power Limited.

The transaction was subject to review by the Competition and Markets Authority ("CMA") pursuant to the regulations applicable to mergers of energy network companies in the United Kingdom; the CMA imposed an Initial Enforcement Order ("IEO") preventing any integration until CMA approval was granted. CMA approval was granted, and the IEO lifted, on 20 March 2025.

In the period from 22 October 2024 to 20 March 2025, despite Scottish Power's 88% equity ownership of NWEN (Jersey), Scottish Power did not control NWEN (Jersey), nor therefore the Company, due to the restrictions in the IEO. Scottish Power gained control of NWEN (Jersey) on 20 March 2025, when the CMA approval was granted and the IEO lifted.

At 31 March 2025, the directors regard Iberdrola, S.A., a company incorporated and registered in Spain, as the ultimate parent undertaking and the ultimate controlling party. The largest group that will consolidate the results of the Company from 20 March is that headed by Iberdrola, S.A. The registered address of Iberdrola is Torre Iberdrola, Plaza Euskadi 5, 48009, Bilbao, Spain.

18. Contractual commitments

At 31 March 2024 and 2025, there were no commitments contracted for but not recognised as liabilities in the financial statements.

19. Post balance sheet events

On 16 June 2025 Scottish Power UK plc provided North West Electricity Networks (Jersey) Limited ("NWEN (Jersey)") with a letter of support detailing the financial support it has committed to the group headed by NWEN (Jersey). An amount of £500.0m is available and can be utilised by NWEN (Jersey) and any of its subsidiaries, including the Company. This commitment will remain in place until the earlier of NWEN (Jersey) group securing alternative financing or 12 months from the date of approval of these financial statements, and will incur a charge of 20 basis points per annum whilst in place.