ENW Finance plc (the “Company”) is pleased to announce its Annual Financial Report for the year ended 31 March 2011.

The Annual Financial Report is available to view on the Company’s website: www.enwl.co.uk.

In accordance with the requirements of Listing Rule 17.3.1, a copy of the annual financial report has been submitted to the National Storage Mechanism and will shortly be available for inspection at: http://www.hemscott.com/nsm.do.

In accordance with Disclosure and Transparency Rule 6.3.5 the Annual Financial Report is here reproduced in full unedited text (the Company has not taken advantage of the exemption afforded in 6.3.5 (2)).

For further information please contact Electricity North West’s press office on 0844 209 1957 or email jonathan.morgan@enwl.co.uk.

ENW Finance plc
Company Registration No. 6845434
Annual Report and Financial Statements
31 March 2011

Directors’ Report

The Directors present their annual report and the audited financial statements of ENW Finance plc (the “Company”) for the year ended 31 March 2011.

Business review and principal activities

The principal activity of the Company during the year ended 31 March 2011 was that of a financing company which issued Notes and listed them on the London Stock Exchange. The Company is a financing entity within the North West Electricity Networks (Jersey) Limited group (the “Group”) and following the issue of Notes, it has 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 income statement on page 6 and show that profit for the year after tax was £1,183,000, (profit for the period 12 March 2009 to 31 March 2010: £2,142,000).

Dividends proposed in the period were £nil, (period 12 March 2009 to 31 March 2010: £nil). The Directors do not propose a final dividend for the year ended 31 March 2011.

Principal risks and uncertainties

As the Company’s obligations in respect of the listed 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 Business Review of the ENWL annual report and 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).

Financial position

The Company has borrowings net of cash and short-term deposits of £198.3m at 31 March 2011 (31 March 2010: £198.2m) relating to the Notes which have a long-term maturity. The Notes have a nominal value of £200m with interest charged at 6.125 per cent. They mature in 2021 and are held at amortised cost net of associated transaction costs.

Directors' Report *(continued)*

Corporate governance

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

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, Mike Nagle (appointed 28 January 2011), Christine O'Reilly (appointed 28 January 2011) and Surinder Toor all of whom have recent and relevant financial experience. John Gittins is considered an Independent Non-Executive Director and Surinder Toor was Chairman of the Committee for the year under review.

Going Concern

After making enquires, and based on the assumptions and sensitivities 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.

Directors

The names of the directors who held office during the full year, except as noted, are given below:

J Gittins

N Mills

S Johnson

M McCallion (appointed 2 September 2010)

C Thompson (resigned 2 September 2010)

S Toor

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.

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

Directors' Report *(continued)*

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.

Information given to the auditor

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

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

(2) the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself 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 in accordance with the provisions of s418 of the Companies Act 2006

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor of the Company.

In accordance with s487 of the Companies Act 2006, Deloitte LLP are deemed to be re-appointed as auditor of the Company.

Registered address

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

Registered number: 6845434

By order of the Board

S Johnson
Director

26 May 2011

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 2011 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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. 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 2011 and it's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of ENW Finance plc *(continued)*

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.

Alan Fendall (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

26 May 2011

Income Statement
for the year ended 31 March 2011

	Note	2011 £'000	12 March 2009 to 31 March 2010 £'000
Operating profit	*2*	**-**	-
Investment income	*4*	**12,916**	8,958
Finance expense (net)	*5*	**(11,081)**	(5,789)
Profit before taxation		**1,835**	3,169
Taxation	*6*	**(652)**	(1,027)
Profit for the period and attributable to equity holders	*14*	**1,183**	2,142

All the results shown in the Income Statement, for both the current year and the preceding period, derive from continuing operations.

There are no other recognised gains and losses for the current financial year or preceding period other than the result shown above. Accordingly, a separate Statement of Comprehensive Income has not been prepared.

Statement of Financial Position
At 31 March 2011

	Note	2011 £'000	Re-presented* 2010 £'000
ASSETS			
Non-current assets			
Trade and other receivables	*7*	**198,341**	198,247
		198,341	198,247
Current assets			
Trade and other receivables	*7*	**23,836**	23,266
Cash and cash equivalents	*8*	**13**	13
Derivative financial instruments – due after more than one year	*7,10*	**60,180**	52,924
		84,029	76,203
Total assets		**282,370**	274,450
LIABILITIES			
Current liabilities			
Trade and other payables	*11*	**(2,382)**	(2,764)
Current income tax liabilities		**(935)**	-
		(3,317)	(2,764)
Net current assets		**80,712**	73,439
Non-current liabilities			
Borrowings	*9*	**(198,341)**	(198,247)
Derivative financial instruments	*10*	**(76,631)**	(70,637)
Deferred tax	*12*	**(743)**	(647)
		(275,715)	(269,531)
Total liabilities		**(279,032)**	(272,295)
Net assets		**3,338**	2,155
EQUITY			
Called up share capital	*13,14*	**13**	13
Retained earnings	*14*	**3,325**	2,142
Total equity	*14*	**3,338**	2,155

*See note 10 for details of the re-presentation.

The Annual Report and Financial Statements of ENW Finance plc (registered number 6845434) were approved by the board of directors on 26 May 2011 and signed on its behalf by:

M McCallion
Director

Statement of Changes in Equity
for the year ended 31 March 2011

	Called up share capital	Retained earnings	Total Equity
	£'000	**£'000**	**£'000**
At 12 March 2009	-	-	-
Issue of share capital	13	-	13
Profit for the period	-	2,142	2,142
At 31 March 2010	13	2,142	2,155
Profit for the year	-	1,183	1,183
At 31 March 2011	**13**	**3,325**	**3,338**

Statement of Cash Flows
for the year ended 31 March 2011

	Note	**2011** **£'000**	12 March 2009 to 31 March 2010 £'000
Operating activities			
Cash generated from operations		**-**	-
Interest paid		**(12,250)**	(6,125)
Net cash used in operating activities		**(12,250)**	(6,125)
Investing activities			
Interest received and similar income		**12,250**	6,125
Net cash generated from investing activities		**12,250**	6,125
Financing activities			
Proceeds on issue of ordinary shares		**-**	13
Proceeds from borrowings		**-**	218,800
New Intergroup loans issued		**-**	(218,800)
Net cash generated by financing activities		**-**	13
Net increase in cash and cash equivalents		**-**	13
Cash and cash equivalents at beginning of the period		**13**	-
Cash and cash equivalents at end of the period	*8*	**13**	13

Notes to the financial statements for the year ended 31 March 2011

1. ACCOUNTING POLICIES

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted for use in the European Union, including International Accounting Standards ('IAS') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC').

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

The preparation of financial statements, in conformity with generally accepted accounting practice ('GAAP') under IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

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 Directors' 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 2011:

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 Directors' 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 financial statements.

The above text from North West Electricity Networks (Jersey) Limited's accounts cross refers to disclosures within its Directors' 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.

Adoption of new and revised standards

In the current year, there have been a number of new and revised Standards and Interpretations. Derivative financial liabilities have been re-presented to non-current in the preceding year, in accordance with Improvements to IFRSs. Other than that there has been no further impact affecting the amounts reported or the presentation and disclosure in the financial statements from the adoption of these amendments.

Notes *(continued)*

1. ACCOUNTING POLICIES *(continued)*

Recently issued accounting pronouncements - International Financial Reporting Standards

At the date of approval of these financial statements, the following relevant standards and interpretations were in issue but not yet effective. The Directors anticipate that the adoption of these standards and interpretations will have no material impact on the Group's financial statements.

- IFRS 9: Financial Instruments
- IAS 24 (amended): Related Party Disclosures
- IAS 32 (amended): Classification of Rights Issues
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments
- IFRIC 14 (amended): Prepayments of a Minimum Funding Requirement
- Improvements to IFRSs (May 2010)

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.

Trade receivables

Trade receivables are stated at fair value, with any allowances made for any estimated irrecoverable amounts.

Trade payables

Trade payables are stated at their fair value which equates to carrying value and represents accrued interest payable.

Cash and cash equivalents

In the cash flow statement and related notes, cash and cash equivalents includes cash at bank and in hand.

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.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an amortised cost basis to the income statement 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 rate is a method of calculating the amortised cost of a financial liability and of allocating interest expense to 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.

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

Notes *(continued)*

1. ACCOUNTING POLICIES *(continued)*

Borrowing costs and finance income

All borrowing costs and finance income that are not directly attributable to the acquisition, issue or disposal of a financial asset or financial liability are recognised in the income statement 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 North West Electricity Network Limited, since that company is deemed to have the financial benefit of the financing transactions.

Derivatives and borrowings

The Company's default treatment is for borrowings to be carried at amortised cost, whilst derivatives are recognised separately on the balance sheet at fair value. Movements in fair values are reflected through the income statement. This has the potential to introduce considerable volatility to both the income statement and balance sheet. The Company financial statements for derivative financial instruments at fair value through profit or loss, 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 other 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. Other derivatives are presented as current assets or current liabilities.

Fair values of derivative financial instruments

The Group uses derivative financial instruments to manage the exposure to interest rate risk and bond issues. The Board has authorised the use of derivatives by the Group to reduce the risk of loss arising from changes in market risks, and for economic hedging reasons. All financial 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 statement of financial position date. Changes in the fair value of all derivative financial instruments that are not in a hedging relationship are recognised in the income statement within finance expense as they arise. The Group designates derivatives into hedging relationships and applies hedge accounting where all the criteria under IAS 39 'Financial; Instruments: Recognition and Measurement' are met.

The Group is therefore subject to volatility in the income statement due to changes in the fair values of the derivative financial instruments. Further information is provided in note 16 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 income statement 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. 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 income statement, 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 Group's accounting policies, the Group 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 Group 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 Group believes have the most significant impact on the annual results under IFRS.

Fair values of derivative financial instruments

The Group uses derivative financial instruments to manage the exposure to interest rate risk and bond issues. The Board has authorised the use of derivatives by the Group to reduce the risk of loss arising from changes in market risks, and for economic hedging reasons. All financial 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 statement of financial position date. Changes in the fair value of all derivative financial instruments that are not in a hedging relationship are recognised in the income statement within finance expense as they arise.

The Group designates derivatives into hedging relationships and applies hedge accounting where all the criteria under IAS 39 'Financial; Instruments: Recognition and Measurement' are met.

The Group is therefore subject to volatility in the income statement due to changes in the fair values of the derivative financial instruments. Further information is provided in note 10 to the financial statements.

2. OPERATING PROFIT

Audit fees payable to Deloitte LLP of £4,000, (period 12 March 2009 to 31 March 2010: £3,000) were borne by another Group Company and have not been recharged. There are no non-audit fees in 2011 (2010:£nil). Any fees payable to professional service firms are borne by ENWL.

3. DIRECTORS AND EMPLOYEES

The Company had no employees during the period (2010: none) and the Directors received no remuneration during the period from the Company (2010: none).

Notes *(continued)*

4. INVESTMENT INCOME

	2011 £'000	12 March 2009 to 31 March 2010 £'000
Interest receivable from affiliated company	**12,916**	8,958

5. FINANCE EXPENSE

	2011 £'000	12 March 2009 to 31 March 2010 £'000
Interest payable		
Interest payable on borrowings held at amortised cost	**12,344**	8,576
Fair value gains on financial instruments		
Derivatives designated at fair value through profit and loss	**(1,263)**	(2,787)
Net finance expense	**11,081**	5,789

6. TAXATION

	2011 £'000	12 March 2009 to 31 March 2010 £'000
Current tax:		
UK corporation tax	**556**	380
Deferred tax (note 12):		
Current year	**142**	647
Prior year	**(46)**	-
	652	1,027

Corporation tax is calculated at 28% (2010: 28%) of the estimated assessable profit for the period.

The Budget on 23 March 2011 announced new phased reductions in the main UK corporation tax rate. The rate is now proposed to be 23% by 1 April 2014. The first reduction to 26% takes effect from 1 April 2011. Tax rate changes are taken into account if they are substantively enacted at the statement of financial position date. The reduction to 26% was included in a resolution passed under the Provisional Collection of Taxes Act ('PCTA') 1968 on 29 March 2011. Accordingly the tax disclosures reflect deferred tax measured on the new 26% rate. It has not yet been possible to quantify the full anticipated effect of the further 3% rate reduction, although this will further reduce the company's future tax charge and reduce the company's deferred tax liabilities/assets accordingly.

Notes *(continued)*

6. TAXATION *(continued)*

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

	2011 £'000	**2011 %**	12 March 2009 to 31 March 2010 £'000	12 March 2009 to 31 March 2010 %
Profit before tax	**1,835**		3,169	
Tax at the UK corporation tax rate of 28%	**514**	**28.0**	887	28.0
Non-taxable expense	**195**	**10.6**	140	4.4
Impact from change in future tax rates	**(57)**	**(3.1)**	-	-
	652	**35.5**	1,027	32.4

7. TRADE AND OTHER RECEIVABLES

	2011 £'000	2010 £'000
Non-current assets		
Amounts due from affiliated company	**198,341**	198,247
Current assets		
Amounts due from affiliated company	**23,836**	23,266
Derivative financial instruments – due after more than 1 yr	**60,180**	52,924
	84,016	76,190

The Company has lent Electricity North West Limited, £200,000,000 at 6.125 per cent fixed rate due 2021. The net proceeds received by the affiliate after discount were £198,178,000 and terms are aligned to the external terms of the Notes and associated intercompany hedging arrangements. The carrying value of the receivable reflects the accretion of the discount on issue over the life of the instrument. The Company has also lent North West Electricity Networks Limited ('NWEN') £20,500,000 repayable on demand (see note 15). These amounts were as a result of the Group refinance and Notes issued by the Company on 21 July 2009.

8. CASH AND CASH EQUIVALENTS

	2011 £'000	2010 £'000
Cash at bank and in hand	**13**	13

Notes *(continued)*

9. 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 10.

	2011	2010
	£'000	£'000
Non-current liabilities (Borrowings at amortised cost)		
Notes - £200m, 6.125% maturing 2021	**198,341**	198,247
Other financial liabilities held at amortised cost		
Trade and other payables accrued Notes interest (see note 11)	**2,382**	2,764
	200,723	201,011

All loans and borrowings are unsecured. There is no formal bank overdraft facility in place at 31 March 2011 (2010: £nil). All amounts are in sterling.

Borrowing facilities

The Company had no unutilised committed bank facilities at 31 March 2011 (2010: none).

10. FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity in another entity. The Company uses financial instruments to invest liquid asset balances, raise funding and manage the risks arising from its operations.

The principal risks which the Company is exposed to and which arise in the normal course of business include liquidity and market risk, including interest and inflation risk. Derivatives are used to change the basis of interest cash flows from fixed to inflation-linked, for economic hedging reasons. A derivative is a financial instrument, the value of which changes in response to some underlying variable (e.g. an interest rate), that has an initial net investment smaller than would be required for other instruments that have a similar response to the variable, and that will be settled at a future date.

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.

The accounting policy for derivatives is provided in note 1.

Control over financial instruments

The Company has a formal risk management structure, which includes the use of risk limits, reporting and monitoring requirements, mandates, and other control procedures. It is currently the responsibility of the Group Board to set and approve the risk management procedures and controls. For a full discussion of the Group's risk management policies refer to the ENWL Group Accounts.

Risk management

All of the Company's activities involve analysis, acceptance and management of some degree of risk or combination of risks. The most important types of financial risk are liquidity risk and market risk. Market risk includes foreign exchange, interest rate, inflation (RPI) and equity price risks. The Company has no exposure to foreign exchange risk or equity price risk.

Notes *(continued)*

10. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet the obligations or commitments resulting from its business operations or associated with its financial instruments, as they fall due. As the Company's obligations in respect of the listed Notes and intercompany index-linked swaps are met via income receivable from ENWL via the intercompany loan arrangement the Board considers the liquidity risk to be low and that cash flows are appropriately balanced to allow all funding obligations to be met when due.

The following is an analysis of the maturity profile of contractual cash flows of principal and interest payable under financial liabilities on an undiscounted basis. All cash flows are shown gross.

Bonds	On demand £'000	<1 year £'000	<1-2 years £'000	2-3 years £'000	3-4 years £'000	>4 years £'000	Total £'000
At 31 March 2011	**-**	**(12,250)**	**(12,250)**	**(12,250)**	**(12,250)**	**(279,625)**	**346,625**
At 31 March 2010	-	(12,250)	(12,250)	(12,250)	(12,250)	(291,875)	340,875

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices include foreign exchange rates, interest rates, inflation (RPI), equity and commodity prices. The main types of market risk to which the Company is exposed are interest rate risk and inflation risk. The Board is required to review and approve policies for managing these risks on an annual basis. The Board approves all new interest rate swaps and index-linked swaps entered into. The management of market risk is undertaken using risk limits approved by the Chief Financial Officer under delegated authority. The Company has no foreign exchange and no equity exposure.

The Company borrows in the major global debt markets at fixed rates of interest, using derivatives, where appropriate, to generate the desired effective interest basis.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company only holds bonds at a fixed rate and is therefore not exposed to interest rate risk from these borrowings. Investments in short-term receivables and payables are not exposed to interest rate risk.

Notes *(continued)*

10. FINANCIAL INSTRUMENTS *(continued)*

Inflation risk

The revenues of the Group's operating company, Electricity North West Limited ("ENWL"), are linked to movements in inflation, as defined by the Retail Price Index ("RPI"). To economically hedge exposure to RPI, the Company has linked its funding costs to RPI by using derivative financial instruments prior to on lending the proceeds of such funding to ENWL. The Company's index-linked swaps 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 inflation rates.

The Company has £200m notional principal of intercompany index-linked swaps that convert the fixed rate of interest payable under the notes to an inflation-linked rate. These swaps were executed in conjunction with the associated bond issue so that the fixed rate of interest receivable under the swaps matches the nominal interest payable on the bond. Interest settlement dates under the swaps are timed to coincide with the bond interest payments, which are semi-annual.

Fair values

The tables below provide a comparison of the book and fair values of the Company's financial instruments by category as at the balance sheet date. Where available, market values have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting cash flows at prevailing interest rates.

For cash and cash equivalents, trade and other receivables, trade and other payables and short-term loans and receivables with a maturity of less than one year the book values approximate the fair values because of their short-term nature. For non-public long term loans and receivables, fair values are estimated by discounting future contractual cash flows to net present values using current market interest rates available to the Company for similar financial instruments as at year end.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Carrying value 2011 £'000	**Fair value 2011 £'000**	Carrying value 2010 £'000	Fair value 2010 £'000
Financial assets:				
Non-current assets:				
Amounts due from group undertaking	**198,341**	**217,778**	198,247	213,100
Current assets:				
Cash and cash equivalents	**13**	**13**	13	13
Derivative financial instruments	**60,180**	**60,180**	52,924	52,924
Trade and other receivables	**23,836**	**23,836**	23,266	23,266
	84,029	**84,029**	76,203	76,203

Derivate financial assets are due after more than one year (2010: same).

Notes *(continued)*

10. FINANCIAL INSTRUMENTS *(continued)*

Fair values *(continued)*

	Carrying value 2011 £'000	**Fair value 2011 £'000**	Re-presented Carrying value 2010 £'000	Re-presented Fair value 2010 £'000
Financial liabilities:				
Non-current liabilities:				
Borrowings measured at amortised cost	**198,341**	**217,778**	198,247	213,100
Derivative financial instruments	**76,631**	**76,631**	70,637	70,637
	274,972	**294,409**	268,884	283,737

Derivative financial liabilities have been re-presented to non-current in the preceding year in accordance with Improvements to IFRSs.

The carrying value of trade and other payables approximates to their fair value for the Company.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31 March 2011			
	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets at fair value through profit or loss				
Derivative financial assets	**-**	**60,180**	**-**	**60,180**
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	**-**	**(76,631)**	**-**	**(76,631)**

There were no transfers between Levels during the year.

Notes *(continued)*

10. FINANCIAL INSTRUMENTS *(continued)*

Fair value measurements recognised in the statement of financial position *(continued)*

	31 March 2010			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Derivative financial assets	-	52,924	-	52,924
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	-	(70,637)	-	(70,637)

11. TRADE AND OTHER PAYABLES

	2011 £'000	2010 £'000
Accrued Notes Interest	**2,382**	2,382
Amounts owed to affiliated undertakings	**-**	382
	2,382	2,764

12. DEFERRED TAX

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

	Total £'000
As at incorporation	-
Charged to the income statement	647
At 1 April 2010	647
Charged to the income statement	96
At 31 March 2011	**743**

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

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

Notes *(continued)*

13. SHARE CAPITAL

	2011	2010
	£'000	£'000
Authorised:		
50,000 ordinary shares of £1 each	**50**	50

	2011	2010
	£'000	£'000
Allotted and paid:		
50,000 ordinary shares of £1 each, of which £0.25 has been called up and paid	**13**	13

14. TOTAL SHAREHOLDERS' EQUITY

	Called up share capital £'000	**Retained earnings £'000**	**Total £'000**
As at 12 March 2009	-	-	-
Share capital issued in 2009	13	-	13
Profit for the period	-	2,142	2,142
At 31 March 2010	**13**	**2,142**	**2,155**
Profit for the year	-	1,183	1,183
At 31 March 2011	**13**	**3,325**	**3,338**

15. RELATED PARTY TRANSACTIONS

Related party transactions during the year were as follows:

	2011	2010
	£'000	£'000
Interest receivable from affiliated company	**12,916**	8,958
Loan to Parent undertaking	**20,500**	20,500
Loan to Group undertaking	**198,341**	198,247

The Company has lent ENWL, GBP 200,000,000 net of discount at 6.125 per cent fixed rate due 2021. The Company has also lent NWEN Limited £20,500,000 at 6.125 per cent fixed rate repayable on demand, see note 15. These amounts were as a result of the Group refinance and Notes issued by the Company on 21 July 2009.

Notes *(continued)*

16. 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 West Electricity Networks Limited, a Company incorporated and registered in the UK.

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: Whiteley Chambers, Don Street, St Helier, Jersey, JE4 9WG.

First State Investments Fund Management S.à.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.