Northern Ireland Electricity Limited

Unaudited Interim Report and Accounts

Six months ended
30 September 2011

The directors of Northern Ireland Electricity Limited (NIE or the Company) present their interim report and accounts for the six months ended 30 September 2011. The interim accounts have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and the Disclosure and Transparency Rules of the Financial Services Authority. The interim accounts consolidate the results of NIE and its subsidiary undertakings (the Group).

Principal Activities

NIE holds a transmission licence covering its roles as owner of the transmission and distribution assets and distribution system operator in Northern Ireland. It is responsible for the planning, development, construction and maintenance of the transmission and distribution network and for the operation of the distribution network.

The NIE network comprises an interconnected network of overhead lines and underground cables which are used for the transfer of electricity to c820,000 consumers via a number of substations. There are 2,200km (circuit length) of the transmission system, 43,000km of the distribution system and approximately 250 major substations. NIE's transmission system is connected to that in the Republic of Ireland (RoI) through 275kV and 110kV interconnectors and to that in Scotland via the Moyle Interconnector.

NIE derives its revenue principally through charges for use of the distribution system, through the public service obligation (PSO) charges levied on electricity suppliers, and charges for transmission services (mainly for use of the transmission system) levied on SONI, the transmission system operator.

Directors

The directors who held office during the period were as follows:

Stephen Kingon CBE (independent non-executive chairman)
Rotha Johnston CBE (independent non-executive director)
Ronnie Mercer (independent non-executive director)
Joe O'Mahony (executive director)
Peter Ewing (executive director) (appointed 1 July 2011)
Harry McCracken (executive director) (resigned 30 June 2011)

Business Review

NIE continues to make substantial investment in the Northern Ireland electricity network. During the six month period, total capital expenditure (before customer contributions) including expenditure on non-network assets increased to £62.7m (2010 - £51.8m). The increased spend was principally associated with the connection of new renewable generation and expenditure on IT systems which will facilitate increased competition in the electricity market for residential consumers wishing to change electricity supplier.

NIE's fifth five year price control (RP5) was due to commence in April 2012. The Northern Ireland Authority for Utility Regulation (the Utility Regulator) issued a consultation paper in relation to its strategy for RP5 in July 2010 and a strategy update paper in May 2011. NIE has responded to the consultation and has submitted its RP5 business plan. The Utility Regulator announced in October 2011 that RP5 will be introduced from 1 October 2012 rather than 1 April 2012 and that an extension of the current price control will be implemented during the six month period from April to September 2012. NIE expects to receive the Utility Regulator's initial proposals for RP5 in winter 2011 and final proposals in summer 2012.

NIE continues to work jointly with EirGrid regarding the development of the 400kV Tyrone-Cavan interconnector to further strengthen the interconnection of the electricity networks of Northern Ireland and the RoI. In August 2010, the Northern Ireland Minister for the Environment announced that NIE's planning application for the interconnector would be referred to the Planning Appeals Commission for a public inquiry. The public inquiry is due to commence in March 2012.

The Utility Regulator has decided that certification of transmission arrangements between NIE and SONI under the EU Third Energy Package (IME3 Directive) is a matter for the Single Electricity Market (SEM) Committee. NIE expects to submit its application for certification shortly subject to the receipt of guidance in respect of the certification procedure and related information requirements. The SEM Committee's decision will be subject to verification by the European Commission.

In June 2011, the Group issued a 15 year £400m bond. The bond which is listed on the London Stock Exchange has a coupon of 6.375%. The bond issue enabled NIE to replace its short term variable rate intercompany debt with long term fixed rate debt, better aligned to the investment profile of its asset base while also providing NIE with adequate funding facilities to meet its projected requirements until mid 2014.

Key Performance Indicators

The directors have determined that the key performance indicators (KPIs) listed below are the most effective measures of progress towards achieving NIE's objectives.

Financial KPIs

In assessing the financial performance of the business, the directors consider that KPIs based on regulated entitlement (pro-forma basis) give a more meaningful measure of the ongoing performance of the business. KPIs calculated on a pro-forma basis exclude the impact of under/over-recoveries of regulated entitlement.

The financial KPIs are summarised in the table below:

KPIs	**Six months ended 30 September**		**Year ended 31 March**
	2011	2010	**2011**
Pro-forma operating profit (based on regulated entitlement)	**£45.8m**	£46.5m	**£98.4m**
Interest cover (based on pro-forma operating profit)	**3.0 times**	4.6 times	**4.0 times**

Pro-forma operating profit fell slightly from £46.5m to £45.8m. Increased regulated entitlement reflecting growth in the Regulatory Asset Base (RAB) was offset by higher depreciation and other charges. The calculation of pro-forma operating profit is shown below:

	Six months ended 30 September		**Year ended 31 March**
	2011 £m	2010 £m	**2011 £m**
Operating profit per accounts	**59.1**	38.7	**68.8**
Adjustment for (over)/under-recovery of regulated entitlement	**(13.3)**	7.8	**29.6**
Pro-forma operating profit	**45.8**	46.5	**98.4**

Interest cover decreased from 4.6 times to 3.0 times reflecting increased interest charges as a result of the bond issue noted above. The calculation of interest cover is shown below:

	Six months ended 30 September		**Year ended 31 March**
	2011 £m	2010 £m	**2011 £m**
Pro-forma operating profit	**45.8**	46.5	**98.4**
Finance costs *	**(15.5)**	(10.1)	**(24.8)**
Interest cover	**3.0 times**	4.6 times	**4.0 times**

* *Excluding net pension scheme interest and net loss on financial assets and liabilities at fair value charged to the income statement*

Operational KPIs

The operational KPIs are:

- performance against the overall and guaranteed standards set by the Utility Regulator;
- the number of complaints which the Consumer Council for Northern Ireland (Consumer Council) takes up on behalf of consumers (Stage 2 complaints); and
- the average number of minutes lost per consumer per annum through distribution fault interruptions, excluding the effect of major storms (CML).

KPIs	**Six months ended 30 September**		**Year ended 31 March**
	2011	2010	**2011**
Overall standards – defaults	**None**	None	**None**
Guaranteed standards – defaults	**None**	None	**None**
Stage 2 complaints to the Consumer Council	**1**	None	**2**
CML	**25**	31	**66**

During the six month period there were no defaults against the overall and guaranteed standards set by the Utility Regulator (2010 - none)

There was one Stage 2 complaint (2010 - none).

The number of CML was 25 minutes (2010 - 31) which is better than the target set by the Utility Regulator.

Financial Review

Revenue and operating profit

Revenue and operating profit per the interim accounts were £122.7m and £59.1m respectively (2010: £111.4m and £38.7m respectively).

Pro-forma revenue (based on regulated entitlement), as shown in note 2 to the accounts, decreased from £119.2m to £109.4m reflecting lower PSO pass through charges partially offset by higher regulated income. As noted above, operating profit (based on regulated entitlement) reduced from £46.5m to £45.8m.

Net finance costs

Net finance costs increased from £12.9m to £16.2m reflecting increased interest charges as a result of the £400m bond issue.

Tax charge

The tax charge increased to £9.5m (2010 - £7.4m) reflecting the increase in profit before tax to £42.9m (2010 - £25.8m) and a reduction in the corporation tax rate from 28% in 2010-11 to 26% in 2011-12.

Net debt and cash flow

Net debt at 30 September 2011 was £547.7m (£289.0m at 31 March 2011). The increase in net debt primarily reflects the cost of hedging the Company's cash flows in respect of the RPI swaps which were novated to the Company from Viridian at the time of the acquisition by ESB. The increase in debt was sourced from intercompany funding which was repaid following the £400m bond issue. An analysis of net debt is shown in note 7 to the accounts.

Net cash flows from operating activities increased to £60.5m (2010 - £45.7m) mainly reflecting higher operating profits arising from an over-recovery of regulated entitlement and lower tax paid offset by an increase in working capital. Net cash flows from investing activities increased to £65.2m (2010 - £50.8m) reflecting increased capital expenditure as explained in the Business Review.

No dividends were paid during the period (2010 - none).

Defined benefit pension liability

The defined benefit pension scheme liability under IAS 19 Employee Benefits increased from £40.6m at 31 March 2011 to £100.7m at 30 September 2011 reflecting an increase in scheme liabilities due to increased life expectancies and a decrease in the discount rate (reflecting lower bond yields) and lower asset values.

An analysis of the pension liability is shown in note 8 to the accounts.

Risks and Uncertainties

The Company operates a structured and disciplined approach to the management of risk overseen by the NIE Board and Audit Committee. The risk management framework includes a Risk Management Committee (RMC) of senior managers from across the Company, chaired by NIE's Finance Director. The RMC oversees and directs risk policy and practice, identifies and considers the risks to which the business is exposed and assesses the key risks and the associated controls and actions required to mitigate these risks which are recorded in risk registers. Each risk is regularly assessed for the severity of its impact on the business and for the effectiveness of the controls in place. The RMC findings are reported to the NIE Executive Committee, NIE Audit Committee and NIE Board on a regular basis.

The emphasis on sound management structures and policies and procedures is backed up by operational and financial review mechanisms and an externally resourced internal audit function, provided by PricewaterhouseCoopers LLP.

The principal risks and uncertainties facing NIE for the remainder of the financial year, which are managed under NIE's risk management framework, relate to: health and safety risks; failure of the NIE network; regulatory risk including the impact of price control reviews and regulatory directives and compliance requirements; responsiveness to emergencies; delivery of key work programmes including IT projects; business continuity; attracting and retaining adequate resources with the requisite skills; pension risk; IT security and data protection; financial control and treasury risks.

The above risks are described in NIE's annual report and accounts for the year ended 31 March 2011, a copy of which is available on the website at http://www.nie.co.uk/Accounts/NIE_Accounts_2010-2011.pdf.

GROUP INCOME STATEMENT

	Note	Six months ended 30 September Unaudited 2011 £m	Unaudited 2010 £m	Year ended 31 March Audited 2011 £m
Continuing operations				
Revenue	2	**122.7**	111.4	**228.5**
Operating costs		**(63.6)**	(72.7)	**(159.7)**
OPERATING PROFIT	2	**59.1**	38.7	**68.8**
Finance costs		**(15.5)**	(10.1)	**(38.8)**
Net pension scheme interest		**(0.7)**	(2.8)	**(6.0)**
Net finance costs	3	**(16.2)**	(12.9)	**(44.8)**
PROFIT BEFORE TAX		**42.9**	25.8	**24.0**
Tax charge	4	**(9.5)**	(7.4)	**2.1**
PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY		**33.4**	18.4	**26.1**

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September Unaudited 2011 £m	Unaudited 2010 £m	Year ended 31 March Audited 2011 £m
Profit for the financial period	**33.4**	18.4	**26.1**
Other comprehensive income/(expense):			
Actuarial (loss)/gain on pension scheme assets and liabilities	**(66.0)**	(25.3)	**89.3**
Tax credit/(charge) relating to actuarial (loss)/gain on pension scheme assets and liabilities	**16.5**	7.1	**(26.5)**
Net other comprehensive (expense)/income for the period	**(49.5)**	(18.2)	**62.8**
Total net comprehensive (expense)/income for the period	**(16.1)**	0.2	**88.9**

GROUP BALANCE SHEET

	Note	As at 30 September Unaudited 2011 £m	As at 30 September Unaudited 2010 £m	As at 31 March Audited 2011 £m
Non-current assets				
Property, plant and equipment	5	**1,148.1**	1,090.5	**1,120.5**
Intangible assets	5	**49.4**	39.2	**42.3**
Derivative financial assets		**350.9**	-	**-**
Other financial assets		**-**	0.1	**-**
		1,548.4	1,129.8	**1,162.8**
Current assets				
Inventories		**6.0**	5.9	**5.1**
Trade and other receivables		**39.8**	30.1	**32.0**
Derivative financial assets		**7.1**	-	**-**
Other financial assets		**0.1**	0.1	**0.1**
Cash and cash equivalents		**32.7**	0.1	**0.6**
		85.7	36.2	**37.8**
TOTAL ASSETS		**1,634.1**	1,166.0	**1,200.6**
Current liabilities				
Trade and other payables		**80.4**	97.6	**89.5**
Current tax payable		**7.8**	2.7	**1.3**
Deferred income		**8.5**	8.0	**8.2**
Financial liabilities				
Derivative financial liabilities		**7.1**	-	**6.7**
Other financial liabilities		**8.8**	323.0	**6.4**
Provisions		**1.5**	2.1	**1.6**
		114.1	433.4	**113.7**
Non-current liabilities				
Deferred tax liabilities		**72.3**	77.7	**85.8**
Deferred income		**239.1**	226.0	**231.1**
Financial liabilities				
Derivative financial liabilities		**350.9**	-	**244.9**
Other financial liabilities		**571.6**	173.6	**283.2**
Provisions		**8.1**	7.0	**7.9**
Pension liability	8	**100.7**	160.0	**40.6**
		1,342.7	644.3	**893.5**
TOTAL LIABILITIES		**1,456.8**	1,077.7	**1,007.2**
NET ASSETS		**177.3**	88.3	**193.4**
Equity				
Share capital		**36.4**	36.4	**36.4**
Share premium		**24.4**	24.4	**24.4**
Capital redemption reserve		**6.1**	6.1	**6.1**
Accumulated profits		**110.4**	21.4	**126.5**
TOTAL EQUITY		**177.3**	88.3	**193.4**

The accounts were approved by the Board of directors and authorised for issue on 15 November 2011.

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Capital redemption reserve £m	Accumulated profits £m	Total £m
At 1 April 2010	**36.4**	**24.4**	**6.1**	**21.2**	**88.1**
Profit for the period	-	-	-	26.1	26.1
Net other comprehensive expense for the period	-	-	-	62.8	62.8
Total net comprehensive income for the period	-	-	-	88.9	88.9
Immediate loss arising on RPI linked interest rate swaps novated from a Viridian group company	-	-	-	(63.3)	(63.3)
Deferred tax credit relating to immediate loss arising on RPI linked interest rate swaps novated from a Viridian group company	-	-	-	16.4	16.4
Intra-group loan waived	-	-	-	63.3	63.3
At 1 April 2011	**36.4**	**24.4**	**6.1**	**126.5**	**193.4**
Profit for the period	-	-	-	33.4	33.4
Net other comprehensive expense for the period	-	-	-	(49.5)	(49.5)
Total net comprehensive expense for the period	-	-	-	(16.1)	(16.1)
At 30 September 2011	**36.4**	**24.4**	**6.1**	**110.4**	**177.3**

	Share capital £m	Share premium £m	Capital redemption reserve £m	Accumulated profits £m	Total £m
At 1 April 2010	**36.4**	**24.4**	**6.1**	**21.2**	**88.1**
Profit for the period	-	-	-	18.4	18.4
Net other comprehensive expense for the period	-	-	-	(18.2)	(18.2)
Total net comprehensive expense for the period	-	-	-	0.2	0.2
At 30 September 2010	**36.4**	**24.4**	**6.1**	**21.4**	**88.3**

GROUP CASH FLOW STATEMENT

	Six months ended 30 September Unaudited 2011 £m	Six months ended 30 September Unaudited 2010 £m	Year ended 31 March Audited 2011 £m
Cash flows from operating activities			
Profit for the period	**33.4**	18.4	**26.1**
Adjustments for:			
Tax charge - continuing operations	**9.5**	7.4	**(2.1)**
Net finance costs - continuing operations	**16.2**	12.9	**44.8**
Depreciation of property, plant and equipment	**25.5**	21.1	**42.7**
Amortisation of intangible assets	**2.5**	2.7	**5.4**
Amortisation of customers' contributions and grants	**(4.3)**	(4.0)	**(8.2)**
Contributions in respect of property, plant and equipment	**12.6**	10.9	**20.4**
Defined benefit pension charge less contributions paid	**(6.6)**	(4.3)	**(6.7)**
Net gain on transfer of pension assets and liabilities relating to former employees	**-**	-	**(5.6)**
Net movement in provisions	**0.1**	(0.1)	**0.3**
Operating cash flows before movement in working capital	**88.9**	65.0	**117.1**
Decrease/(increase) in working capital	**(14.9)**	6.2	**(6.5)**
Cash generated from operations	**74.0**	71.2	**110.6**
Interest paid	**(13.5)**	(16.1)	**(18.8)**
Current taxes paid	**-**	(9.4)	**(10.4)**
Net cash flows from operating activities	**60.5**	45.7	**81.4**
Cash flows from investing activities			
Purchase of property, plant and equipment	**(56.7)**	(47.5)	**(91.9)**
Purchase of intangible assets	**(8.5)**	(3.3)	**(12.5)**
Net cash flows used in investing activities	**(65.2)**	(50.8)	**(104.4)**
Cash flows from financing activities			
Proceeds from borrowings	**400.0**	4.8	**172.9**
£400m bond issue costs	**(2.1)**	-	**-**
Repayment of borrowings	**(361.1)**	-	**(149.5)**
Net cash flows from/(used in) financing activities	**36.8**	4.8	**23.4**
Net decrease in cash and cash equivalents	**32.1**	(0.3)	**0.4**
Cash and cash equivalents at beginning of period	**0.6**	0.2	**0.2**
Cash and cash equivalents at end of period	**32.7**	(0.1)	**0.6**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, short-term bank deposits and bank overdrafts.

NOTES TO THE INTERIM ACCOUNTS

1. Basis of Preparation

The interim accounts for the six months ended 30 September 2011 have been prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting” and the Disclosure and Transparency Rules of the Financial Services Authority.

The interim accounts consolidate the results of Northern Ireland Electricity Limited and its subsidiary undertakings (the Group).

The interim accounts have been prepared on the basis of the accounting policies set out in the accounts for the year ended 31 March 2011.

The Group adopted IFRIC 18 ‘Transfers of Assets from Customers’ during the year ended 31 March 2011. Customer contributions received in respect of property, plant and equipment are deferred and released to revenue in the income statement by instalments over the estimated useful economic lives of the related assets. In last year’s interim accounts these amounts were released to operating costs. This has resulted in a reclassification of £3.9m from operating costs to revenue in the six months ended 30 September 2010.

Contributions received in respect of property, plant and equipment, previously included in ‘net cash flows used in investing activities’ in the Cash Flow Statement for the six months ended 30 September 2010 are now included in ‘cash generated from operations’ in the Cash Flow Statement.

The following amendments to existing standards and interpretations were also effective for the current period, but did not have a material impact on the accounts:

IFRIC 14	Amendment - Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing financial liabilities with equity instruments
IFRS 1 (revised)	Limited exemption from comparative IFRS 7 disclosures
IFRS Improvements	Improvements to IFRS 2010 annual improvements project
IAS 24	Revised Related Party Disclosures

The interim accounts have been prepared on the going concern basis as the directors, having considered available relevant information, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The interim accounts have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on “Review of Interim Financial Information performed by the Independent Auditor of the Entity”.

The information shown for the year ended 31 March 2011 does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and has been extracted from the Group’s annual report for the year ended 31 March 2011, which has been filed with the Registrar of Companies. The report of the auditors on the accounts contained within the Group’s annual report for the year ended 31 March 2011 was unqualified and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006 regarding inadequate accounting records or a failure to obtain necessary information and explanations.

2. Revenue and Operating Profit

	Six months ended 30 September 2011 £m	2010 £m	Year ended 31 March 2011 £m
Revenue:			
Based on regulated entitlement	**109.4**	119.2	**258.1**
Adjustment for over/(under)-recovery	**13.3**	(7.8)	**(29.6)**
	122.7	111.4	**228.5**
Operating Profit:			
Based on regulated entitlement	**45.8**	46.5	**98.4**
Adjustment for over/(under)-recovery	**13.3**	(7.8)	**(29.6)**
	59.1	38.7	**68.8**

The adjustment for over/(under)-recovery represents the amount by which the Group over/(under)-recovered against its regulated entitlement.

The Group's operating activities, which are described in the interim management report, comprise one operating segment.

3. Net Finance Costs

	Six months ended 30 September 2011 £m	2010 £m	Year ended 31 March 2011 £m
Interest payable:			
Interest receivable	**0.2**	-	**-**
£175m bond	**(6.0)**	(6.0)	**(12.0)**
£400m bond	**(8.4)**	-	**-**
Amounts owed to ESB group undertakings	**(1.7)**	-	**(0.8)**
Amounts owed to Viridian group undertakings	**-**	(4.1)	**(6.0)**
Interest rate swaps	**-**	-	**(6.2)**
	(15.9)	(10.1)	**(25.0)**
Less: capitalised interest	**0.5**	0.1	**0.3**
Total interest charged to the income statement	**(15.4)**	(10.0)	**(24.7)**
Other finance costs:			
Amortisation of financing charges	**(0.1)**	(0.1)	**(0.1)**
Net loss on financial assets and liabilities at fair value charged to the income statement	**-**	-	**(14.0)**
Total finance costs	**(15.5)**	(10.1)	**(38.8)**
Net pension scheme interest:			
Expected return on pension scheme assets	**19.8**	15.9	**31.2**
Interest on pension scheme liabilities	**(20.5)**	(18.7)	**(37.2)**
	(0.7)	(2.8)	**(6.0)**
Net finance costs	**(16.2)**	(12.9)	**(44.8)**

4. Tax Charge

	Six months ended 30 September 2011 £m	Six months ended 30 September 2010 £m	Year ended 31 March 2011 £m
Current tax charge			
UK corporation tax at 26% (2010 - 28%)	**6.5**	2.7	**2.3**
Deferred tax charge			
Origination and reversal of temporary differences in current year	**3.0**	4.7	**(4.4)**
Total tax charge reported in the income statement	**9.5**	7.4	**(2.1)**

5. Capital Expenditure

	Six months ended 30 September 2011 £m	Six months ended 30 September 2010 £m	Year ended 31 March 2011 £m
Property, plant and equipment	**53.1**	48.5	**100.1**
Intangible assets - computer software	**9.6**	3.3	**9.1**
	62.7	51.8	**109.2**

No assets were disposed of by the Group during the period (2010 - £nil).

6. Capital Commitments and Contingent Liabilities

At 30 September 2011 the Group had contracted future capital expenditure in respect of property, plant and equipment of £9.8m (2010 - £5.4m) and computer software assets of £7.7m (2010 – £15.9m).

7. Net Debt

	As at 30 September 2011 £m	2010 £m	As at 31 March 2011 £m
Cash at bank and in hand	**32.7**	0.1	**0.6**
Debt due before 1 year:			
Interest payable on £175m bond	**(0.4)**	(0.4)	**(6.4)**
Interest payable on £400m bond	**(8.4)**	-	**-**
Bank loans and overdrafts	**-**	(0.2)	**-**
Amounts owed to Viridian group undertakings	**-**	(322.4)	**-**
	(8.8)	(323.0)	**(6.4)**
Debt due after 1 year:			
Amounts owed to ESB group undertakings	**-**	-	**(109.6)**
£175m bond	**(173.7)**	(173.6)	**(173.6)**
£400m bond	**(397.9)**	-	**-**
	(571.6)	(173.6)	**(283.2)**
Total net debt	**(547.7)**	(496.5)	**(289.0)**

In June 2011, the Group issued a 15 year £400m bond which carries interest at a coupon of 6.375%. The bond issue incurred £2.1m of costs associated with raising finance. Amounts owed to ESB group undertakings were repaid in June 2011.

8. Pension Commitments

	As at 30 September 2011 £m	2010 £m	As at 31 March 2011 £m
Market value of assets	**687.4**	540.7	**705.5**
Actuarial value of liabilities	**(788.1)**	(700.7)	**(746.1)**
Net pension liability	**(100.7)**	(160.0)	**(40.6)**

Changes in the market value of assets

	As at 30 September 2011 £m	2010 £m	As at 31 March 2011 £m
Market value of assets at 1 April	**705.5**	544.4	**544.4**
Expected return	**19.8**	15.9	**31.2**
Contributions from employer	**7.5**	5.4	**9.0**
Contributions from scheme members	**0.1**	0.1	**0.2**
Benefits paid	**(22.2)**	(16.8)	**(33.5)**
Actuarial (loss)/gain	**(23.3)**	(8.3)	**9.5**
Net transfer of assets in respect of former employees	**-**	-	**144.7**
Market value of assets at period end	**687.4**	540.7	**705.5**

8. Pension Commitments (continued)

Changes in the actuarial value of liabilities

	As at 30 September 2011 £m	As at 30 September 2010 £m	As at 31 March 2011 £m
Actuarial value of liabilities at 1 April	**746.1**	680.6	**680.6**
Interest cost	**20.5**	18.7	**37.2**
Current service cost	**0.9**	1.2	**2.3**
Contributions from scheme members	**0.1**	0.1	**0.2**
Benefits paid	**(22.2)**	(16.8)	**(33.5)**
Actuarial loss/(gain)	**42.7**	16.9	**(79.8)**
Net transfer of liabilities in respect of former employees	**-**	-	**139.1**
Actuarial value of liabilities at period end	**788.1**	700.7	**746.1**

9. Related Party Transactions

During the six months ended 30 September 2011, the Group contributed £7.5m (2010 - £5.5m) to the Northern Ireland Electricity Pension Scheme.

Until 21 December 2010 the immediate parent undertaking of the Group was Viridian Group Limited and the parent of the smallest and largest group of which the Company was a member and for which group accounts were prepared was Viridian Group Holdings Limited (Viridian). From that date the immediate parent undertaking of the Group and the ultimate parent company in the UK is ESBNI Limited (ESBNI). The ultimate parent undertaking and controlling party of the Group and the parent of the smallest and largest group of which the company is a member and for which group accounts are prepared is Electricity Supply Board (ESB). Principal subsidiaries of ESB are related parties of the Group. Transactions between the Group and related parties are disclosed below:

	Interest payable £m	Revenue from related party £m	Charges from related party £m	Other transactions with related parties £m	Amounts owed by related party at period end £m	Amounts owed to related party at period end £m
6 months to 30 September 2011						
ESBNI	**(1.7)**	**-**	**-**	**358.0**	**-**	**-**
ESB subsidiaries	**-**	**8.8**	**(28.1)**	**-**	**1.5**	**(5.6)**
	(1.7)	**8.8**	**(28.1)**	**358.0**	**1.5**	**(5.6)**
6 months to 30 September 2010						
Viridian Group Limited	(4.1)	-	-	-	-	(322.4)
Viridian subsidiaries	-	72.0	(26.7)	-	21.3	(26.4)
	(4.1)	72.0	(26.7)	-	21.3	(348.8)
Year to 31 March 2011						
ESBNI	**(0.8)**	**-**	**-**	**(63.3)**	**-**	**(109.6)**
ESB subsidiaries	**-**	**5.9**	**(13.8)**	**-**	**1.8**	**(5.7)**
Viridian Group Limited	**(6.0)**	**-**	**-**	**(168.1)**	**-**	**-**
Viridian subsidiaries	**-**	**114.5**	**(64.5)**	**-**	**-**	**-**
	(6.8)	**120.4**	**(78.3)**	**(231.4)**	**1.8**	**(115.3)**

9. Related Party Transactions (continued)

Other transactions with ESBNI in the period reflect the market value of the hedges entered into in respect of the RPI swaps novated to the Company from a Viridian group company at the time of the acquisition by ESB.

Other transactions with related parties in the year to 31 March 2011 relate to the proceeds received in respect of the novation of the RPI swaps from a Viridian group company at the time of the acquisition by ESB and the waiver of an intra-group loan owed to ESB.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm, that to the best of their knowledge:

(i) the interim accounts have been prepared in accordance with IAS 34 as adopted by the European Union (EU) and the Disclosure and Transparency Rules of the Financial Services Authority; and

(ii) the interim management report includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules.

By order of the Board

Joe O'Mahony
Managing Director

15 November 2011