



Northern Ireland Electricity
(The NIE Transmission, Distribution and Landbank Businesses)
31 March 2015

Summary Regulatory Accounts

NORTHERN IRELAND ELECTRICITY
Summary Regulatory Accounts
31 March 2015

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IMPORTANT NOTE AND STATEMENT OF DIRECTORS' RESPONSIBILITIES

The summary regulatory accounts have been extracted from the full regulatory accounts for the year ended 31 March 2015, prepared by Northern Ireland Electricity Limited (the "Company") for submission to the Utility Regulator ("UR") in accordance with Condition 2 of the Company's Participate in Transmission Licence and Electricity Distribution Licence (together the "Licences"). For further information the full regulatory accounts and the auditor's report on those accounts should be consulted.

All references in the accounts to "NIE" denote the Company's Transmission Owner, Distribution and Landbank businesses. All income, expenditure, assets and liabilities of NIE's Transmission Owner Business and Distribution Business taken together have been split between the Transmission Owner Business and the Distribution Business as outlined in note 2 to the accounts in the 'Basis of Preparation' section.

The Company is required under the Licences to prepare regulatory accounts for each financial year which present fairly the assets, liabilities, reserves and provisions of, or reasonably attributable to, the separate businesses as defined for that purpose in the Licences and of the revenues, costs and cash flows of, or reasonably attributable to, those businesses for that period. In preparing those accounts, the Company is required:

- to conform to the best commercial accounting practices including International Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union ("EU");
- to state the accounting policies adopted;
- not to change the bases of charge, apportionment or allocation from those applied in respect of the previous financial year unless previously directed by the UR.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of NIE and which enable them to ensure that the regulatory accounts comply with the Licences. They are also responsible for safeguarding the assets of NIE, which may for regulatory accounting purposes be allocated or apportioned to the separate businesses, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S STATEMENT

To the directors of Northern Ireland Electricity Limited (NIE or the Company)

We have examined the summary regulatory accounts of NIE for the year ended 31 March 2015, which comprise the Income Statement, Net Asset Statement, Cash Flow Statement and the related notes 1 to 14.

This statement is made solely to the directors of the Company as a body. Our audit work has been undertaken so that we might state to the directors of the Company those matters that we have agreed to state to them in an auditor's statement, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors of the Company as a body for our work, for this statement or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities set out on page 3, the Company's directors are responsible for the preparation and submission of the regulatory accounts to the Utility Regulator ("UR") as required by the Licences.

Our responsibility is to report to you our opinion on the consistency of the summary regulatory accounts with the full regulatory accounts.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the full regulatory accounts describes the basis of our opinion on those financial statements.

Opinion on the summary regulatory accounts

In our opinion the summary regulatory accounts are consistent with the full regulatory accounts for the year ended 31 March 2015.

Ernst & Young LLP
Statutory Auditor
Belfast
12 June 2015

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INCOME STATEMENT
for the year ended 31 March 2015

	Notes	Transmission		Distribution		Landbank		Unallocated		Total	
		2015 £m	2014 £m restated	2015 £m	2014 £m restated	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Revenue											
Sales to Power NI		-	-	88.0	97.4	-	-	-	-	88.0	97.4
Sales to Power NI PPB		-	-	2.6	-	-	-	-	-	2.6	-
Other external sales		34.7	53.8	83.8	82.5	-	-	-	-	118.5	136.3
Sales to NIE businesses		-	-	0.1	0.1	-	0.1	(0.1)	(0.2)	-	-
Sales to NIE subsidiary		0.2	0.2	1.1	1.0	-	-	-	-	1.3	1.2
Sales to ESB group undertakings		-	-	17.7	18.4	-	-	-	-	17.7	18.4
Amortisation of customer contributions		2.2	1.9	8.2	7.6	-	-	-	-	10.4	9.5
Total Revenue		37.1	55.9	201.5	207.0	-	0.1	(0.1)	(0.2)	238.5	262.8
Operating costs	3	(18.3)	(18.9)	(123.3)	(127.4)	-	(0.1)	0.1	0.2	(141.5)	(146.2)
OPERATING PROFIT		18.8	37.0	78.2	79.6	-	-	-	-	97.0	116.6
Finance revenue		-	0.1	0.1	0.3	-	-	110.2	26.6	110.3	27.0
Finance costs		-	-	-	-	-	-	(147.4)	(63.3)	(147.4)	(63.3)
Net pension scheme interest		(1.0)	(1.1)	(4.1)	(4.2)	-	-	-	-	(5.1)	(5.3)
Net finance costs		(1.0)	(1.0)	(4.0)	(3.9)	-	-	(37.2)	(36.7)	(42.2)	(41.6)
PROFIT / (LOSS) BEFORE TAX		17.8	36.0	74.2	75.7	-	-	(37.2)	(36.7)	54.8	75.0
Tax charge		-	-	-	-	-	-	(11.6)	(6.3)	(11.6)	(6.3)
PROFIT / (LOSS) AFTER TAX		17.8	36.0	74.2	75.7	-	-	(48.8)	(43.0)	43.2	68.7

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NET ASSET STATEMENT

	Note	Transmission		Distribution		Landbank		Unallocated		Total	
		2015 £m	2014 £m restated ¹	2015 £m	2014 £m restated ¹	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Non-current assets											
Property, plant and equipment	4	288.0	262.4	1,073.0	1,039.7	-	-	-	-	1,361.0	1,302.1
Intangible assets	5	6.9	7.4	25.7	30.0	-	-	-	-	32.6	37.4
Investments		-	-	-	-	-	-	7.8	7.8	7.8	7.8
Deferred tax asset	6	-	-	-	-	2.1	2.4	(2.1)	(2.4)	-	-
Derivative financial assets		-	-	-	-	-	-	494.6	396.0	494.6	396.0
		294.9	269.8	1,098.7	1,069.7	2.1	2.4	500.3	401.4	1,896.0	1,743.3
Current assets											
Inventories	7	1.7	1.4	6.4	5.4	-	-	-	-	8.1	6.8
Trade and other receivables	8	8.4	8.6	31.5	34.4	-	-	-	-	39.9	43.0
Derivative financial assets		-	-	-	-	-	-	12.3	11.4	12.3	11.4
Other financial assets	9	78.8	66.4	293.6	263.1	-	-	(350.2)	(306.8)	22.2	22.7
Cash and cash equivalents	10	4.1	8.3	-	-	-	-	49.8	57.7	53.9	66.0
		93.0	84.7	331.5	302.9	-	-	(288.1)	(237.7)	136.4	149.9
TOTAL ASSETS		387.9	354.5	1,430.2	1,372.6	2.1	2.4	212.2	163.7	2,032.4	1,893.2
Current liabilities											
Trade and other payables	11	18.9	17.9	70.3	71.2	-	-	0.3	-	89.5	89.1
Current tax		-	-	-	-	-	-	6.8	8.2	6.8	8.2
Deferred income	12	2.3	2.0	8.5	8.0	-	-	-	-	10.8	10.0
Derivative financial liabilities		-	-	-	-	-	-	12.3	11.4	12.3	11.4
Other financial liabilities	13	-	-	3.4	7.8	2.6	2.3	24.9	25.3	30.9	35.4
Short-term provisions	14	0.1	0.1	0.5	0.5	-	0.3	-	-	0.6	0.9
		21.3	20.0	82.7	87.5	2.6	2.6	44.3	44.9	150.9	155.0
Non-current liabilities											
Deferred income	12	64.0	55.9	238.4	223.4	-	-	-	-	302.4	279.3
Derivative financial liabilities		-	-	-	-	-	-	494.6	396.0	494.6	396.0
Other financial liabilities	13	-	-	-	-	-	-	572.5	572.2	572.5	572.2
Deferred tax liability	6	13.7	14.8	51.2	59.4	-	-	(6.6)	(6.9)	58.3	67.3
Long-term provisions	14	0.6	0.7	2.4	2.7	0.2	0.2	5.3	5.3	8.5	8.9
Pension liability		34.1	19.7	137.2	88.5	-	-	20.3	20.3	191.6	128.5
		112.4	91.1	429.2	374.0	0.2	0.2	1,086.1	986.9	1,627.9	1,452.2
TOTAL LIABILITIES		133.7	111.1	511.9	461.5	2.8	2.8	1,130.4	1,031.8	1,778.8	1,607.2
NET ASSETS / (LIABILITIES)		254.2	243.4	918.3	911.1	(0.7)	(0.4)	(918.2)	(868.1)	253.6	286.0

¹ Refer to 'Basis of Preparation' note on page 11

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NET ASSET STATEMENT (continued)

The accounts on pages 5-21 were approved by the Company's Board of directors and signed on its behalf by:

Director: Nicholas Tarrant

Date: 10 June 2015

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CASH FLOW STATEMENT
for the year ended 31 March 2015

	Transmission		Distribution		Landbank		Unallocated		Total	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Cash flows from operating activities:										
Profit / (loss) before tax	17.8	36.0	74.2	75.7	-	-	(37.2)	(36.7)	54.8	75.0
Adjustments for:										
Net finance costs	1.0	1.0	4.0	3.9	-	-	37.2	36.7	42.2	41.6
Depreciation of property, plant and equipment	8.8	8.0	44.3	42.1	-	-	-	-	53.1	50.1
Amortisation of customer contributions	(2.3)	(1.9)	(8.5)	(7.6)	-	-	-	-	(10.8)	(9.5)
Amortisation of intangible assets	-	-	5.1	4.8	-	-	-	-	5.1	4.8
Contributions in respect of property, plant and equipment	7.4	5.8	27.4	23.0	-	-	-	-	34.8	28.8
Defined benefit pension charge less contributions paid	(2.3)	(3.0)	(13.3)	(11.8)	-	-	-	-	(15.6)	(14.8)
Net movement in provisions	(0.1)	0.1	(0.3)	0.3	(0.3)	-	-	-	(0.7)	0.4
Operating cash flows before movement in working capital	30.3	46.0	132.9	130.4	(0.3)	-	-	-	162.9	176.4
Increase in working capital	(0.6)	(1.3)	(2.1)	(4.6)	-	-	-	-	(2.7)	(5.9)
Cash generated from operations	29.7	44.7	130.8	125.8	(0.3)	-	-	-	160.2	170.5
Interest received	-	-	-	-	-	-	110.2	26.6	110.2	26.6
Interest paid	-	-	-	-	-	-	(147.4)	(63.3)	(147.4)	(63.3)
Net cash flows from / (used in) operating activities	29.7	44.7	130.8	125.8	(0.3)	-	(37.2)	(36.7)	123.0	133.8
Cash flows from investing activities:										
Purchase of property, plant and equipment	(24.8)	(22.0)	(92.4)	(87.1)	-	-	-	-	(117.2)	(109.1)
Purchase of intangible assets	-	(0.5)	(0.2)	(2.2)	-	-	-	-	(0.2)	(2.7)
Purchase of investment in subsidiary	-	-	-	-	-	-	-	(7.8)	-	(7.8)
Loans made to fellow NIE undertakings	(9.1)	(11.8)	(33.8)	(46.7)	-	-	-	(22.7)	(42.9)	(81.2)
Net cash flows used in investing activities	(33.9)	(34.3)	(126.4)	(136.0)	-	-	-	(30.5)	(160.3)	(200.8)

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CASH FLOW STATEMENT (continued)
for the year ended 31 March 2015

	Transmission		Distribution		Landbank		Unallocated		Total	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Cash flows used in financing activities										
Dividend paid to shareholder	-	-	-	-	-	-	(14.0)	-	(14.0)	-
Repayment of borrowings	-	-	-	-	0.3	-	43.3	58.2	43.6	58.2
Net cash flows used in financing activities	-	-	-	-	0.3	-	29.3	58.2	29.6	58.2
Net increase/(decrease) in cash and cash equivalents	(4.2)	10.4	4.4	(10.2)	-	-	(7.9)	(9.0)	(7.7)	(8.8)
Cash and cash equivalents at the beginning of year	8.3	(2.1)	(7.8)	2.4	-	-	57.7	66.7	58.2	67.0
Cash and cash equivalents at the end of the year	4.1	8.3	(3.4)	(7.8)	-	-	49.8	57.7	50.5	58.2

NORTHERN IRELAND ELECTRICITY
Notes to the Summary Regulatory Accounts
31 March 2015

1. GENERAL INFORMATION

Northern Ireland Electricity Limited (NIE or the Company) is a limited company incorporated and domiciled in Northern Ireland. These summary regulatory accounts report on NIE's Transmission Owner, Distribution and Landbank businesses and are separate from Northern Ireland Electricity Limited's statutory accounts which are prepared on a consolidated basis including the Company's subsidiary businesses. The accounts have been prepared in accordance with IFRS as adopted by the EU and applied in accordance with the provisions of the Companies Act 2006 and in accordance with Condition 2 of the Licences. The accounts are presented in sterling (£) with all values rounded to the nearest £100,000 except where otherwise indicated.

The accounts reflect the adoption of new standards and interpretations effective for the year. The prior year results have been restated to reflect the allocations outlined in the basis of preparation section per note 2 to the accounts.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

New and revised accounting standards and interpretations

The following standards, amendments to standards and interpretations, applicable from 1 January 2014, have been adopted by the Company. These standards, amendments to standards and interpretations have not impacted on the accounting policies, financial position or performance of the Company, or on presentation or disclosure in the financial report:

IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IAS 27 (revised 2011)	Separate Financial Statements
IAS 28 (revised 2011)	Investments in Associates and Joint Ventures
Amendment to IAS 32	Financial Instruments Presentation: Offsetting Financial Assets and Financial Liabilities
Amendment to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendment to IAS 39	Novation of derivatives and Continuation of Hedge Accounting
Amendment to IFRS 10, 12 and IAS 27	Investment Entities
IFRIC 21	Levies

At the date of the authorisation of these financial statements, the following new and amended standards and interpretations in issue are not yet effective and have not been adopted by the Company:

Amendment to IAS19 Employee Benefits on Defined Benefit Plans (effective for accounting periods beginning on or after 1 July 2014)

Annual Improvements to IFRSs – 2010 to 2012 cycle (effective for accounting periods beginning on or after 1 July 2014)

Annual Improvements to IFRSs – 2011 to 2013 cycle (effective for accounting periods beginning on or after 1 July 2014)

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2. ACCOUNTING POLICIES (continued)

The directors do not expect the adoption of these standards and interpretations to have a material impact on the consolidated or company financial statements in the period of initial application.

The principal accounting policies applied in the preparation of these accounts, which are consistent with the policies adopted in the Company's statutory accounts, are set out below.

Basis of Preparation

In preparing these summary regulatory accounts for the year ended 31 March 2015 the directors of the Company (after consultation with the Utility Regulator) have allocated revenue and operating costs to each of the Transmission Owner and Distribution Businesses on the basis of actual revenue and operating costs incurred by each separate business where clearly identifiable with any residual amounts being apportioned in the ratio 15% / 85% to the respective businesses. Net assets and cash flows have been allocated in proportion to the respective businesses' Regulatory Asset Bases (RABs) at the closing year end dates.

Property, plant and equipment and intangible assets for the year ended 31 March 2014 have been restated on the same basis resulting in net assets in the Transmission Owner business being restated from £223.6m to £243.4m and in the Distribution business have been restated from £930.9m to £911.1m.

Going Concern

On the basis of their assessment of the Company's financial position, which included a review of the Company's projected funding requirements for a period of 12 months from the date of approval of the accounts, the directors have a reasonable expectation that the Company will have adequate financial resources for the 12 month period and accordingly continue to adopt the going concern basis in preparing the accounts.

Foreign currency translation

The functional and presentation currency of the Company is sterling (£).

Foreign currency transactions are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the balance sheet date are recognised in the income statement.

Company's investments in subsidiaries

The Company recognises its investments in subsidiaries at cost less any recognised impairment loss. Dividends received from subsidiaries are recognised in the income statement. The carrying values of investments in subsidiaries are reviewed annually for any indications of impairment, including whether the carrying value is impaired as a result of the receipt of dividends.

Property, plant and equipment

Property, plant and equipment are included in the balance sheet at cost, less accumulated depreciation and any recognised impairment loss. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of overheads. Interest on funding attributable to significant capital projects is capitalised during the period of construction provided it meets the recognition criteria in IAS 23 and is written off as part of the total cost of the asset.

Freehold land is not depreciated. Other property, plant and equipment are depreciated on a straight-line basis so as to write off the cost, less estimated residual values, over their estimated useful economic lives as follows:

Infrastructure assets - up to 40 years

Non-operational buildings - freehold and long leasehold - up to 50 years

Fixtures and equipment - up to 25 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where the carrying value exceeds the estimated recoverable amount, the asset is written down to its recoverable amount.

2. ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognised in the income statement.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its continued use. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net selling price and the carrying amount of the asset.

Computer Software

The cost of acquiring computer software is capitalised and amortised on a straight-line basis over its estimated useful economic life which is between five and ten years. Costs include direct labour relating to software development and an appropriate portion of directly attributable overheads. Interest on funding attributable to significant capital projects is capitalised during the period of construction provided it meets the recognition criteria in IAS 23 and is written off as part of the total cost of the asset.

The carrying value of computer software is reviewed for impairment annually when the asset is not yet in use and subsequently when events or changes in circumstances indicate that the carrying value may not be recoverable.

Gains or losses arising from derecognition of computer software are measured as the difference between the net selling price and the carrying amount of the asset.

Inventories

Inventories are stated at the lower of average purchase price and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimate costs of completion and the estimated costs necessary to make the sale.

Financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with maturities of three months or less.

Loans and receivables

Loans and receivables are initially recorded at fair value. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method.

Interest bearing loans and overdrafts

Interest bearing loans and overdrafts are initially recorded at fair value, being the proceeds received net of direct issue costs. After initial recognition, interest bearing loans are subsequently measured at amortised cost using the effective interest method.

Trade and other receivables

Trade receivables do not carry any interest and are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the asset is impaired. Balances are written off when the probability of recovery is assessed as being remote.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Derivative financial instruments

Derivatives that are not designated as hedging instruments are accounted for at 'fair value through profit or loss'. These derivatives are carried in the balance sheet at fair value, with changes in fair value recognised in net finance costs in the income statement.

2. ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs attributable to significant capital projects are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Operating lease contracts

Leases are classified as operating lease contracts whenever the terms of the lease do not transfer substantially all the risks and benefits of ownership to the lessee. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, exclusive of value added tax and other sales related taxes.

The following specific recognition criteria must also be met before revenue is recognised:

Interest receivable

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Use of System and Public Service Obligation (PSO) revenue

Revenue is recognised on the basis of units distributed during the period. Revenue includes an assessment of the volume of electricity distributed, estimated using historical consumption patterns.

Transmission service revenue

Revenue is recognised in accordance with the schedule of entitlement set by the Utility Regulator for each tariff period.

Customer contributions

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.

Government grants

Government grants received in respect of property, plant and equipment are deferred and released to operating costs in the income statement by instalments over the estimated useful economic lives of the related assets. Grants received in respect of expenditure charged to the income statement during the year are included in the income statement.

Tax

The tax charge represents the sum of tax currently payable and deferred tax. Tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity.

Tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes both items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax payable or recoverable on differences between the carrying amount of assets and liabilities in the accounts 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.

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2. ACCOUNTING POLICIES (continued)

Tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is not recognised on temporary differences where they arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

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 deferred tax asset to be recovered.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Provisions

Provisions are recognised when (i) the Company has a present obligation (legal or constructive) as a result of a past event (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is included within finance costs.

Pensions and other post-retirement benefits

Employees of the Company are entitled to membership of Northern Ireland Electricity Pension Scheme (NIEPS) which has both defined benefit and defined contribution pension arrangements. The amount recognised in the balance sheet in respect of liabilities represents the present value of the obligations offset by the fair value of assets.

Pension scheme assets are measured at fair value and liabilities are measured using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the liabilities. Full actuarial valuations are obtained at least triennially and updated at each balance sheet date. Remeasurements comprising of actuarial gains and losses and return on plan assets are recognised immediately in the period in which they occur are recognised outside the income statement, presented in the statement of comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

The cost of providing benefits under the defined benefit scheme is charged to the income statement over the periods benefiting from employees' service. These costs comprise current service costs, past service costs, gains or losses on curtailments and non-routine settlements, all of which are recognised in operating costs. Past service costs are recognised immediately to the extent that the benefits are already vested. Curtailment losses are recognised in the income statement in the period they occur.

Net pension interest on net pension scheme liabilities is included within net finance costs. Net interest is calculated by applying the discount rate to the net pension asset or liability.

Pension costs in respect of defined contribution arrangements are charged to the income statement as they become payable.

The Company has adopted the exemption allowed in IFRS 1 to recognise all cumulative actuarial gains and losses at the transition date in reserves.

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2. ACCOUNTING POLICIES (continued)

Exceptional items

The Company presents as exceptional items on the face of the income statement those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Critical accounting judgements and key sources of estimation uncertainty

Pensions and other post employment benefits

Employees of the Company are entitled to membership of NIEPS which has both defined benefit and defined contribution arrangements. The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method. The key assumptions used for the actuarial valuation are based on the Company's best estimate of the variables that will determine the ultimate cost of providing post-employment benefits.

Unbilled debt

Revenue includes an assessment of the volume of electricity distributed, estimated using historical consumption patterns. A corresponding receivable in respect of unbilled consumption is recognised within trade receivables.

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3. OPERATING COSTS

	Transmission		Distribution		Landbank		Unallocated		Total	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Staff costs	2.1	2.1	12.1	12.2	-	-	-	-	14.2	14.3
Depreciation and amortisation	8.7	8.0	48.9	46.4	-	-	-	-	57.6	54.4
Power NI charges	-	-	3.6	5.6	-	-	-	-	3.6	5.6
Power NI PPB charges	-	-	-	2.6	-	-	-	-	-	2.6
Landbank charges	-	-	-	0.1	-	-	-	(0.1)	-	-
Other operating costs	7.5	8.8	58.7	60.5	-	0.1	(0.1)	(0.1)	66.1	69.3
	18.3	18.9	123.3	127.4	-	0.1	(0.1)	(0.2)	141.5	146.2

4. PROPERTY, PLANT AND EQUIPMENT

	Transmission £m	Distribution £m	Landbank £m	Unallocated £m	Total £m
Cost:					
At 1 April 2014 – restated	403.2	1,687.3	-	-	2,090.5
Additions	22.2	89.8	-	-	112.0
Disposals	-	-	-	-	-
Re-apportionment on RAB values	12.2	(12.2)	-	-	-
At 31 March 2015	437.6	1,764.9	-	-	2,202.5
Depreciation:					
At 1 April 2014 – restated	140.8	647.6	-	-	788.4
Charge for year	8.8	44.3	-	-	53.1
Disposals	-	-	-	-	-
At 31 March 2015	149.6	691.9	-	-	841.5
Net Book Value:					
At 1 April 2014 - restated	262.4	1,039.7	-	-	1,302.1
At 31 March 2015	288.0	1,073.0	-	-	1,361.0

NORTHERN IRELAND ELECTRICITY
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5. INTANGIBLE ASSETS

	Transmission £m	Distribution £m	Landbank £m	Unallocated £m	Total £m
Cost:					
At 1 April 2014 – restated	15.1	86.8	-	-	101.9
Additions	0.1	0.2	-	-	0.3
Re-apportionment on RAB values	(0.6)	0.6	-	-	-
At 31 March 2015	<u>14.6</u>	<u>87.6</u>	<u>-</u>	<u>-</u>	<u>102.2</u>
Amortisation:					
At 1 April 2014 – restated	7.7	56.8	-	-	64.5
Amortisation charge for year	-	5.1	-	-	5.1
At 31 March 2015	<u>7.7</u>	<u>61.9</u>	<u>-</u>	<u>-</u>	<u>69.6</u>
Net Book Value:					
At 1 April 2014 - restated	<u>7.4</u>	<u>30.0</u>	<u>-</u>	<u>-</u>	<u>37.4</u>
At 31 March 2015	<u>6.9</u>	<u>25.7</u>	<u>-</u>	<u>-</u>	<u>32.6</u>

6. DEFERRED TAX

	Transmission		Distribution		Landbank		Unallocated		Total	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Deferred tax assets										
At 1 April	-	-	-	-	2.4	3.0	4.5	5.1	6.9	8.1
Decrease in provision	-	-	-	-	(0.3)	(0.6)	-	(0.6)	(0.3)	(1.2)
At 31 March	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2.1</u>	<u>2.4</u>	<u>4.5</u>	<u>4.5</u>	<u>6.6</u>	<u>6.9</u>
Deferred tax liabilities										
At 1 April	14.8	13.1	59.4	55.7	-	-	-	-	74.2	68.8
(Decrease)/Increase in provision	(1.1)	1.7	(8.2)	3.7	-	-	-	-	(9.3)	5.4
At 31 March	<u>13.7</u>	<u>14.8</u>	<u>51.2</u>	<u>59.4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(64.9)</u>	<u>74.2</u>

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7. INVENTORIES

	Transmission		Distribution		Landbank		Unallocated		Total	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Materials and consumables	1.5	1.2	5.6	4.6	-	-	-	-	7.1	5.8
Work in progress	0.2	0.2	0.8	0.8	-	-	-	-	1.0	1.0
	<u>1.7</u>	<u>1.4</u>	<u>6.4</u>	<u>5.4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8.1</u>	<u>6.8</u>

8. TRADE AND OTHER RECEIVABLES

	Transmission		Distribution		Landbank		Unallocated		Total	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Trade receivables (incl. unbilled consumption)	7.9	7.9	29.4	31.3	-	-	-	-	37.3	39.2
Other receivables	0.1	0.1	0.5	0.5	-	-	-	-	0.6	0.6
Amounts owed by ESB group	0.2	0.2	1.0	1.0	-	-	-	-	1.2	1.2
Prepayments and accrued income	0.2	0.4	0.6	1.6	-	-	-	-	0.8	2.0
	<u>8.4</u>	<u>8.6</u>	<u>31.5</u>	<u>34.4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39.9</u>	<u>43.0</u>

9. OTHER FINANCIAL ASSETS

	Transmission		Distribution		Landbank		Unallocated		Total	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Current										
Intra-group loans	<u>78.8</u>	<u>66.4</u>	<u>293.6</u>	<u>263.1</u>	<u>-</u>	<u>-</u>	<u>(350.2)</u>	<u>(306.8)</u>	<u>22.2</u>	<u>22.7</u>

NORTHERN IRELAND ELECTRICITY
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10. CASH AND CASH EQUIVALENTS

	Transmission		Distribution		Landbank		Unallocated		Total	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Cash at bank and in hand	4.1	8.3	-	-	-	-	1.3	0.6	5.4	8.9
Deposit account	-	-	-	-	-	-	48.5	57.1	48.5	57.1
	<u>4.1</u>	<u>8.3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49.8</u>	<u>57.7</u>	<u>53.9</u>	<u>66.0</u>

11. TRADE AND OTHER PAYABLES

	Transmission		Distribution		Landbank		Unallocated		Total	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Trade payables	2.5	3.0	9.1	11.7	-	-	-	-	11.6	14.7
Payments received on account	10.0	7.6	37.2	30.0	-	-	-	-	47.2	37.6
Amounts owed to NIE undertakings	1.2	1.1	4.9	4.3	-	-	-	-	6.1	5.4
Amounts owed to ESB group undertakings	-	-	-	-	-	-	-	-	-	-
Taxation and social security	1.7	1.3	6.1	6.1	-	-	0.3	-	8.1	7.4
Accruals	3.5	4.9	13.0	19.1	-	-	-	-	16.5	24.0
	<u>18.9</u>	<u>17.9</u>	<u>70.3</u>	<u>71.2</u>	<u>-</u>	<u>-</u>	<u>0.3</u>	<u>-</u>	<u>89.5</u>	<u>89.1</u>

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12. DEFERRED INCOME

	Transmission £m	Distribution £m	Landbank £m	Unallocated £m	Total £m
Current	2.0	8.0	-	-	10.0
Non-current	55.9	223.4	-	-	279.3
Total at 1 April 2014	<u>57.9</u>	<u>231.4</u>	<u>-</u>	<u>-</u>	<u>289.3</u>
Receivable	7.4	27.3	-	-	34.7
Released to income statement	(2.3)	(8.5)	-	-	(10.8)
Re-apportionment on RAB values	3.3	(3.3)	-	-	-
	<u>2.3</u>	<u>8.5</u>	<u>-</u>	<u>-</u>	<u>10.8</u>
Current	2.3	8.5	-	-	10.8
Non-current	64.0	238.4	-	-	302.4
Total at 31 March 2015	<u>66.3</u>	<u>246.9</u>	<u>-</u>	<u>-</u>	<u>313.2</u>
Deferred income at 31 March 2015 comprises:					
Grants	1.4	5.4	-	-	6.8
Customer contributions	64.9	241.5	-	-	306.4
	<u>66.3</u>	<u>246.9</u>	<u>-</u>	<u>-</u>	<u>313.2</u>

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13. FINANCIAL LIABILITIES

	Transmission		Distribution		Landbank		Unallocated		Total	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Current										
Bank overdraft	-	-	3.4	7.8	-	-	-	-	3.4	7.8
Amounts owed to NIE Group undertakings	-	-	-	-	2.6	2.3	(2.6)	(2.3)	-	-
Other liabilities	-	-	-	-	-	-	27.5	27.6	27.5	27.6
	<u>-</u>	<u>-</u>	<u>3.4</u>	<u>7.8</u>	<u>2.6</u>	<u>2.3</u>	<u>24.9</u>	<u>25.3</u>	<u>30.9</u>	<u>35.4</u>
Non-current										
Amounts owed to NIE Group undertakings	-	-	-	-	-	-	572.5	572.2	572.5	572.2
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>572.5</u>	<u>572.2</u>	<u>572.5</u>	<u>575.2</u>

14. PROVISIONS

	Transmission £m	Distribution £m	Landbank £m	Unallocated £m	Total £m
Current	0.1	0.5	0.3	-	0.9
Non-current	0.7	2.7	0.2	5.3	8.9
Total at 1 April 2014	<u>0.8</u>	<u>3.2</u>	<u>0.5</u>	<u>5.3</u>	<u>9.8</u>
Applied in the year	-	-	-	-	-
Increase in provision	-	-	-	-	-
Release to income statement	<u>(0.1)</u>	<u>(0.3)</u>	<u>(0.3)</u>	<u>-</u>	<u>(0.7)</u>
Current	0.1	0.5	-	-	0.6
Non-current	0.6	2.4	0.2	5.3	8.5
Total at 31 March 2015	<u>0.7</u>	<u>2.9</u>	<u>0.2</u>	<u>5.3</u>	<u>9.1</u>
<i>Provisions at 31 March 2015 comprise:</i>					
Litigation	-	-	-	0.3	0.3
Reorganisation and restructuring	-	0.1	-	-	0.1
Environmental	0.1	0.4	0.2	3.8	4.5
Liability and damage claims	<u>0.6</u>	<u>2.4</u>	<u>-</u>	<u>1.2</u>	<u>4.2</u>
	<u>0.7</u>	<u>2.9</u>	<u>0.2</u>	<u>5.3</u>	<u>9.1</u>