

Registered No. NI607246

NIE Finance PLC
31 December 2012
Report and Accounts

GENERAL INFORMATION

Directors

Mary Collins
Peter Ewing
Joe O'Mahony

Company Secretary

Ruth Conacher

Registered Office Address

120 Malone Road
Belfast
BT9 5HT

Company Number

NI607246

Auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

DIRECTORS' REPORT

The directors present their report and accounts for the nine month period ended 31 December 2012.

In the Directors' Report and accounts, unless specified otherwise, the 'Company' refers to NIE Finance PLC, a public limited company registered in Northern Ireland with registered number NI607246.

The accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and applied in accordance with the provisions of the Companies Act 2006.

The immediate parent undertaking of the Company and the parent of the smallest group for which group accounts are prepared is Northern Ireland Electricity Limited. The ultimate parent undertaking and controlling party of the Company, and the parent of the largest group of which the Company is a member and for which group accounts are prepared, is Electricity Supply Board (ESB). A copy of ESB's accounts is available from 27 Lower Fitzwilliam Street, Dublin 2.

During the period the Company changed its accounting reference date from 31 March to 31 December. The accounts presented are for the nine month period to 31 December 2012 with the comparative period reported being the eleven months to 31 March 2012.

Business Review

Principal Activities

The Company's principal activity is to raise finance on behalf of Northern Ireland Electricity Limited (NIE or the Guarantor). During the period ended 31 March 2012 the Company issued £400m 6.375% Guaranteed Notes due 2026 (the Bond) on behalf of the Guarantor. The payments of all amounts in respect of the Bond are unconditionally and irrevocably guaranteed by the Guarantor. The directors anticipate that the activity of the company will continue for the foreseeable future.

Financial Review

The results for the period ended 31 December 2012 show a result of £nil (11 month period ended 31 March 2012 - £nil). No dividends were paid during the period and no dividend in respect of the period has been proposed.

On 2 June 2011, the Company issued a 15 year £400m bond which carries interest at a coupon of 6.375%. The Bond matures on 2 June 2026 and has been admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's regulated market. On 2 June 2011, the Company granted a back-to-back loan of £400m to the Guarantor. Interest is paid on the Bond, and earned on the loan to the Guarantor, at a fixed rate of 6.375%.

Corporate Governance

The Board

The directors of the Company are listed on page 2. There were no changes to the directors during the period.

Joe O'Mahony is the Managing Director, NIE.

Peter Ewing is the Deputy Managing Director and Director of Regulation, NIE.

Mary Collins is the Finance Director, NIE.

Internal control and risk management in relation to the financial reporting process

Strong financial controls are necessary to ensure the integrity and reliability of financial and other information on which the Company relies for day-to-day operations, external reporting and for longer term planning. The Company exercises financial control through a combination of: appropriately qualified and experienced personnel; rigorous business planning processes; an integrated accounting system; and clearly defined approval limits. The internal auditors test the effectiveness of financial controls. The external auditors provide advice on specific accounting and tax issues.

The remit of Northern Ireland Electricity Limited's Audit Committee includes the Company. The Audit Committee reviews:

- the effectiveness of the Company's internal controls and the risk management system;
- the Company's accounts considering the appropriateness of the accounting policies, whether the accounts give a true and fair view and the appropriateness of the going concern assumption and reviewing the significant issues and judgements;
- reports from the external auditor on its audit of the Company's accounts and the recommendations made by the auditor and management's response; and
- the external audit plan, the scope of the audit and a report on the effectiveness and independence of the external auditors.

Directors' and officers' liability insurance

The Company purchased and maintained directors' and officers' liability insurance throughout the period.

Risk Management and Principal Risks and Uncertainties

The Company is committed to successfully managing exposure to risk and to minimising the impact of risk on the achievement of business objectives. The directors acknowledge that they have responsibility for the Company's systems of internal control and risk management.

NIE's risk management framework incorporates the Company and comprises:

- appropriate structures in place to support risk management;
- formal assignment of risk responsibilities to facilitate managing/reporting on individual risks and to ensure specific risks are understood;
- procedures and systems for risk identification, assessment and reporting; and
- ongoing monitoring of the effectiveness of risk mitigation actions and controls.

The principal risks and uncertainties that affect the Company are described below.

Capital management and liquidity risk

The Company is financed through debt finance and interest receivable on the loan issued to the Guarantor. The Company's debt finance at 31 December 2012 comprised the Bond which is repayable on 2 June 2026.

The main source of liquidity for the Company is interest receivable on the loan to the Guarantor. The Company has assessed the liquidity and credit risk of the Guarantor and deems this risk to be low. The Guarantor's Report and Accounts at 31 December 2012 indicate that the Guarantor has a cash surplus of £38.6m (31 March 2012 - £51.4m) and net assets totalling £202.8m (31 March 2012 - £192.5m).

The directors review capital structure on an annual basis to ensure that the Company will be able to continue as a going concern through optimisation of the debt and equity balance. The Company manages liquidity risk by continuously monitoring forecasts and funding requirements and matching the maturity profiles of financial assets and liabilities.

Interest rate risk

The Bond is denominated in Sterling and carries a fixed interest rate of 6.375%. The interest rate charged on the loan to the Guarantor is also fixed at 6.375%. Therefore, the Company has no interest rate risk and holds no derivative financial instruments in respect of interest rates.

Currency risk

The assets and liabilities of the Company are denominated in Sterling and are therefore not exposed to foreign currency risk.

Credit risk

The Company's principal financial assets are the loan to the Guarantor and the associated interest receivable outlined in note 6 to the accounts. The credit risk in respect of financial assets is considered by the directors to be low given that the Company's credit risk is attributable to amounts owed by the Guarantor. As noted in the Credit Management and Liquidity Risk section above, this assessment is made based on the cash surplus and net assets of the Guarantor at 31 December 2012.

The Company may be exposed to credit-related loss in the event of non-performance by bank counterparties who hold cash deposits from time to time. This risk is managed through conducting business only with approved counterparties which meet the criteria outlined in NIE's treasury policy.

Further information on financial instruments is set out in the notes to the accounts in compliance with IFRS 7 Financial Instruments: Disclosures.

Going concern

The Company's business activities, together with the principal risks and uncertainties likely to affect its future performance, are described above. As noted above, the Company is financed through a combination of debt finance and interest receivable.

In arriving at its conclusion on going concern, the directors have also considered the financial resources of NIE for a 12 month period from the date of approval of the accounts. NIE is deemed to have sufficient resources in order for it to meet its obligations under the terms of its loan with the Company.

On the basis of their assessment of the Company's financial position, which included a review of the Company's projected funding requirements and the cash flow forecasts of NIE, 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 adopt the going concern basis in preparing the report and accounts.

Charitable and Political Donations

The Company did not make any charitable or political donations during the period (period ended 31 March 2012 - £nil).

Payment of Suppliers

The Company's procurement policy is to source equipment, goods and services from a wide range of suppliers throughout the EU and beyond in accordance with commercial practices based on fairness and transparency save for the fact that the company does not have any trade creditors at either period end. The Company works to ensure that any payments that may arise in the ordinary course of business are settled in accordance with agreed contractual terms. At 31 December 2012 the Company did not have any payments outstanding to trade creditors (31 March 2012 - £nil).

Auditors

In accordance with Section 487 of the Companies Act 2006, Ernst & Young LLP is deemed to be reappointed as external auditors of the Company. A resolution to re-appoint Ernst & Young LLP as external auditors and to authorise the directors to determine their remuneration will be proposed at the Annual General Meeting.

Disclosure of Information to the Auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow directors and the Company's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Statement of Directors' Responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable United Kingdom law and Generally Accepted Accounting Practice in the UK (UKGAAP) or, if so elected, International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The directors have elected to prepare the accounts in accordance with IFRS as adopted by the EU.

Company law requires the directors to prepare accounts for each financial period. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company for that period.

In preparing those accounts, the directors are required to:

- present fairly the financial position, financial performance and cash flows of the Company;
- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements that are reasonable;
- provide additional disclosures when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance, and disclose and explain any departure from IFRS where, in their view, compliance would be so misleading as to conflict with a fair presentation; and
- state that (except for any such departure) the accounts have been prepared in accordance with IFRS as adopted by the EU.

The directors are responsible for keeping proper 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 accounts 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.

By Order of the Board

Ruth Conacher
Company Secretary

Date: 20 March 2013

Registered Office
120 Malone Road
Belfast BT9 5HT
Company Number: NI607246

INDEPENDENT AUDITOR'S REPORT To the members of NIE Finance PLC

We have audited the accounts of NIE Finance PLC for the nine month period ended 31 December 2012 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statements of Changes in Equity, the Cash Flow Statement and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) as applied in accordance with the provisions of the Companies Act 2006.

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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (ISA) (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 accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 accounts. In addition, we read all the financial and non-financial information in the Report and Accounts to identify any material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the accounts

In our opinion the accounts:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its results for the nine month period then ended;
- have been properly prepared in accordance with IFRS as adopted by the EU; and
- have been prepared in accordance with the provisions 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 accounts are prepared is consistent with the accounts.

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

Keith Jess (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: 20 March 2013

- The maintenance and integrity of the Northern Ireland Electricity Limited web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. 8

INCOME STATEMENT
for the period ended 31 December 2012

	Note	9 months to 31 December 2012 £'000	11 months to 31 March 2012 £'000
Finance income	4	19,238	21,244
Finance costs	4	<u>(19,238)</u>	<u>(21,244)</u>
Result before tax		-	-
Tax		<u>-</u>	<u>-</u>
RESULT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		<u><u>-</u></u>	<u><u>-</u></u>

STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 December 2012

Other than the results noted above, the Company had no other comprehensive income for the period ended 31 December 2012 or the period ended 31 March 2012.

BALANCE SHEET
As at 31 December 2012

	Note	31 December 2012 £'000	31 March 2012 £'000
Non-current assets			
Financial assets	6	<u>397,958</u>	<u>397,876</u>
Current assets			
Financial assets	6	<u>14,891</u>	<u>21,179</u>
Cash and cash equivalents	7	<u>50</u>	<u>13</u>
		<u>14,941</u>	<u>21,192</u>
TOTAL ASSETS		<u>412,899</u>	<u>419,068</u>
Current liabilities			
Financial liabilities	8	<u>14,891</u>	<u>21,179</u>
Non-current liabilities			
Financial liabilities	8	<u>397,958</u>	<u>397,876</u>
TOTAL LIABILITIES		<u>412,849</u>	<u>419,055</u>
NET ASSETS		<u>50</u>	<u>13</u>
Equity			
Share capital	10	<u>50</u>	<u>13</u>
Accumulated losses		<u>-</u>	<u>-</u>
TOTAL EQUITY		<u>50</u>	<u>13</u>

The accounts were approved by the Board of directors and authorised for issue on 20 March 2013.

They were signed on its behalf by:

Joe O'Mahony
Director

Date: 20 March 2013

STATEMENT OF CHANGES IN EQUITY
for the period ended 31 December 2012

	Share capital £'000	Accumulated profits £'000	Total £'000
At incorporation on 28 April 2011	-	-	-
Result for the period	-	-	-
Net other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	-	-
Shares issued on incorporation (Note 10)	13	-	13
At 1 April 2012	13	-	13
Result for the period	-	-	-
Net other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	-	-
Proceeds from fully paid shares	37	-	37
At 31 December 2012	<u>50</u>	<u>-</u>	<u>50</u>

CASH FLOW STATEMENT

for the period ended 31 December 2012

	Note	9 months to 31 December 2012 £'000	11 months to 31 March 2012 £'000
Cash flows from operating activities			
Result for the period		-	-
Net cash flows from operating activities			
Cash flows from investing activities			
Loan made to immediate parent undertaking		-	(397,811)
Net cash flows used in investing activities			
Cash flows from financing activities			
Proceeds from fully paid shares / share issue	10	37	13
Proceeds from borrowings		-	397,811
Net cash flows from financing activities			
		37	397,823
Net increase in cash and cash equivalents		37	13
Cash and cash equivalents at beginning of period		13	-
Cash and cash equivalents at end of the period	7	50	13

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash at bank and in hand at 31 December 2012.

1. General information

NIE Finance PLC (the Company) is a public limited company incorporated on 28 April 2011 and domiciled in Northern Ireland. It was issued with a certificate for trading on 6 May 2011. The Company is a wholly owned subsidiary of Northern Ireland Electricity Limited.

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. The accounts are presented in Sterling (£) with all values rounded to the nearest £1,000 except where otherwise indicated.

During the period, the Company changed its accounting reference date from 31 March to 31 December.

2. Accounting policies

Adoption of new and revised accounting standards and interpretations

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

IFRS 7 (revised)	Disclosures - Transfers of financial assets (effective for accounting periods beginning on or after 1 July 2011)
IAS 12	Income Taxes: Limited scope amendment (recovery of underlying assets) (effective for accounting periods beginning on or after 1 January 2012)

At the date of authorisation of these accounts, the following standards and interpretations, which have not been applied in the accounts, were in issue but not yet effective:

IFRS 1	First time adoption for government loans (effective for accounting periods beginning on or after 1 January 2013)
IFRS 7 (revised)	Offsetting of financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2013)
IFRS 9	Financial Instruments: Classification and Measurement (effective for accounting periods beginning on or after 1 January 2015)
IFRS 10	Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2013)
IFRS 11	Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities (effective for accounting periods beginning on or after 1 January 2013)
IFRS 13	Fair Value Measurement (effective for accounting periods beginning on or after 1 January 2013)
IAS 1	Amendments to revise the way other comprehensive income is presented (effective for accounting periods beginning on or after 1 July 2012)
IAS 19 (revised)	Employee Benefits: Post-Employment Benefits and Termination Benefits (effective for accounting periods beginning on or after 1 January 2013)

2. Accounting policies (continued)

Adoption of new and revised accounting standards and interpretations (continued)

IAS 27 (revised)	Reissued as <i>Separate Financial Statements</i> (as amended 2011) (effective for accounting periods beginning on or after 1 January 2013)
IAS 28	Reissued as <i>Investments in Associates and Joint Ventures</i> (as amended 2011) (effective for accounting periods beginning on or after 1 January 2013)
IAS 32	Offsetting Financial Assets and Financial Liabilities (effective for accounting periods beginning on or after 1 January 2014)
IFRIC 20	Production phase stripping costs of a surface mine (effective for accounting periods beginning on or after 1 January 2013)
Improvements to IFRS's 2009-2011	(effective for accounting periods beginning on or after 1 January 2013)

Whilst the directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Company's accounts in the period of initial application, the adoption of the standards and interpretations may result in certain changes in the presentation of the Company's accounts from 2013 onwards.

Basis of Preparation – Going Concern

The Company's business activities including financial risk management along with the factors likely to affect its future development are set out within the Directors' Report.

As described in the Directors' Report, on the basis of their assessment of the Company's financial position, which included a review of the Company's projected funding requirements and the cash flow forecasts of NIE Limited 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 report and accounts.

The principal accounting policies are set out below.

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.

Loan receivables

Loan receivables are initially recorded at fair value. After initial recognition, they are subsequently measured at amortised cost using the effective interest method.

Interest bearing loans

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

Borrowing costs

Borrowing costs are reflected in the income statement in the period they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

3. Operating costs

Fees payable to the company's auditor for the audit of the company's accounts totalled £3,000 (period ended 31 March 2012 - £3,000). These fees were paid in the period by the Guarantor on behalf of the Company.

Remuneration of £25,000 paid to the Company's auditors during the period ended 31 March 2012, in respect of services in relation to the £400m bond issue, were capitalised as part of the bond issue costs in the period ended 31 March 2012.

4. Net finance costs

	9 months to 31 December 2012 £'000	11 months to 31 March 2012 £'000
Finance income:		
Interest receivable on loan to immediate parent undertaking	19,212	21,179
Amortisation of financing income	<u>26</u>	<u>65</u>
Total finance income	<u>19,238</u>	<u>21,244</u>
Finance costs:		
Interest payable on £400m bond	19,212	21,179
Amortisation of financing charges	<u>26</u>	<u>65</u>
Total finance costs	<u>19,238</u>	<u>21,244</u>
Net finance costs	<u>-</u>	<u>-</u>

All of the Company's income and expenses, and assets and liabilities derive from its sole activity in the UK, being the provision of loan finance to Northern Ireland Electricity Limited

5. Employees and directors

The Company has no employees. Due to the limited activities of the Company no remuneration has been paid to the directors.

6. Financial assets

	31 December 2012 £'000	31 March 2012 £'000
Financial assets – non-current		
Loan to immediate parent undertaking	<u>397,958</u>	<u>397,876</u>
Financial assets – current		
Interest receivable on loan to immediate parent undertaking	<u>14,891</u>	<u>21,179</u>

On 2 June 2011 the Company issued a loan of £400m to Northern Ireland Electricity Limited, the Company's immediate parent undertaking, net of £2.1m of costs associated with raising finance. Interest is paid on the loan at a fixed rate of 6.375%. The loan has a maturity date of 2 June 2026 and interest is earned at a fixed rate of 6.375%. The loan is neither past due nor impaired.

7. Cash and cash equivalents

	31 December 2012 £'000	31 March 2012 £'000
Cash at bank and in hand	<u>50</u>	<u>13</u>

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The directors consider that the carrying amount of cash and cash equivalents equates to fair value.

8. Financial liabilities

The Company's objectives, policies and strategies in respect of financial liabilities and capital management are disclosed on pages 4-5 of the Directors' Report.

	31 December 2012 £'000	31 March 2012 £'000
Current		
Interest payable on £400m bond	<u>14,891</u>	<u>21,179</u>
Non-current		
£400m bond	<u>397,958</u>	<u>397,876</u>

On 2 June 2011, the Company issued a 15 year £400m bond which carries interest at a coupon of 6.375%. The payments of all amounts in respect of the Bond are unconditionally and irrevocably guaranteed by the Company's immediate parent company, Northern Ireland Electricity Limited. Interest is due annually in arrears on 2 June.

9. Financial instruments

The Company's objective is to issue financial instruments in order to raise finance on behalf of its immediate parent undertaking. Therefore, the Company is financed through debt finance and interest receivable. The Company's debt finance at 31 December 2012 comprised the Bond which is repayable on 2 June 2026.

Credit risk

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date. The maximum exposure to credit risk at the reporting date was:

	Note	31 December 2012 £'000	31 March 2012 £'000
Loans and receivables	6	412,849	419,055
Cash and cash equivalents	7	50	13
		<u>412,899</u>	<u>419,068</u>

Liquidity risk

Liquidity risks are disclosed in the Directors' Report on page 4. The table below summarises the maturity profile of the Bond based on contractual undiscounted payments.

<i>Period ended 31 December 2012</i>	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial Liabilities						
£400m bond (including interest payable)	-	-	25,500	102,000	629,500	757,000

<i>Period ended 31 March 2012</i>	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial Liabilities						
£400m bond (including interest payable)	-	25,500	-	102,000	655,000	782,500

Fair values of financial assets and financial liabilities

The Bond had a fair value at 31 December 2012 of £476.6m (31 March 2012 - £414.8m) based on current market prices. The Company's £400m back-to-back loan had a fair value at 31 December 2012 of £476.6m (31 March 2012 - £414.8m) based on the fair value of the £400m bond. The directors consider that the carrying amount of other financial assets and liabilities equate to fair value.

10. Share capital

<i>Allotted and partly paid</i>	31 December 2012 £'000	31 March 2012 £'000
50,000 Ordinary shares of £1 each fully paid up (31 March 2012 - partly paid at £0.25)	<u>50</u>	<u>13</u>

On 28 April 2011, 50,000 ordinary shares with aggregate nominal value of £50,000 were issued on incorporation. At 31 March 2012, the balance classified as equity share capital was the total net proceeds on issue of the Company's equity share capital, comprising £1 ordinary shares partly paid at £0.25.

On 17 September 2012 the shares were fully paid up and the Company received proceeds of £37,500.

11. Related party disclosures

Remuneration of key management personnel

Key management personnel of the Company comprise the directors of the Company. Due to the limited activities of the Company no remuneration has been paid to the directors.

Group

The immediate parent undertaking of the Company and the parent of the smallest group of which the Company is a member and for which group accounts are prepared is Northern Ireland Electricity Limited. The ultimate parent undertaking in the UK is ESBNI Limited. The ultimate parent undertaking and controlling party of the Company and the parent of the largest group of which the Company is a member and for which group accounts are prepared is Electricity Supply Board (ESB), a statutory corporation established under the Electricity (Supply) Act 1927 domiciled in the Republic of Ireland. A copy of ESB's accounts is available from 27 Lower Fitzwilliam Street, Dublin 2.

A full list of the subsidiary undertakings of ESB are included in its accounts.

Transactions between the Company and related parties and the balances outstanding are disclosed below:

	Interest receivable from related party £'000	Amounts owed by related party at 31 December / 31 March £'000
Period to 31 December 2012		
Northern Ireland Electricity Limited	<u>14,891</u>	<u>412,849</u>
Period to 31 March 2012		
Northern Ireland Electricity Limited	<u>21,179</u>	<u>419,055</u>

On 2 June 2011 a loan of £400m, net of £2.1m of costs associated with raising finance, was issued to Northern Ireland Electricity Limited. The loan has a maturity date of 2 June 2026. Further details of this loan are disclosed in note 6.