

Registered No. NI607246

**NIE Finance PLC**

**31 December 2015**

**Annual Report and Accounts**

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## **STRATEGIC REPORT**

The directors present their Strategic Report for the year ended 31 December 2015.

During the year the Company transitioned from EU-adopted IFRS to FRS 101 – Reduced Disclosure Framework and has taken advantage of the disclosure exemption allowed under this standard. The Company's parent undertaking, Northern Ireland Electricity Networks Limited ("NIE Networks" or "the Guarantor", formerly Northern Ireland Electricity Limited), was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. There were no material recognition or measurement differences arising on the adoption of FRS 101.

### **Business Overview**

#### **Principal Activities and Future Developments**

The Company's principal activity is to raise finance on behalf of NIE Networks. In June 2011 the Company issued £400m 6.375% Guaranteed Notes due in 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 year ended 31 December 2015 show a profit of £nil (2014 - £nil).

The Company issued a 15 year £400m bond which carries interest at a coupon of 6.375%. The Bond, which matures on 2 June 2026, has been admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's regulated market. The Company has 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%.

#### **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 Networks' 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
- on-going 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 2015 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 Annual Report and Accounts at 31 December 2015 indicate that the Guarantor has a cash surplus of £17.1m (2014 - £23.5m) and net assets totalling £310.1m (2014 - £270.1m).

The directors review the Company's 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 financial assets relate to amounts owed by the Guarantor. As noted in the Capital Management and Liquidity Risk section above, this assessment is made based on the cash surplus and net assets of the Guarantor at 31 December 2015.

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 Networks' treasury policy.

### **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 Networks for a 12 month period from the date of approval of the accounts. NIE Networks 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 Networks, 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 from the date of approval of the accounts and accordingly adopt the going concern basis in preparing the report and accounts.

By order of the Board

Nicholas Tarrant  
Director

Date: 22 March 2016

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

## **DIRECTORS' REPORT**

The directors present their Directors' Report for the year ended 31 December 2015.

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 immediate parent undertaking of the Company and the parent of the smallest group for which group accounts are prepared is Northern Ireland Electricity Networks Limited (NIE Networks or the Guarantor). 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.

The accounts presented are for the year ended 31 December 2015 with the comparative year end being 31 December 2014.

### **Results and Dividends**

The results for the year ended 31 December 2015 show a profit of £nil (2014 - £nil). The Company did not pay any dividends during the year (2014 - £nil) and no dividend in respect of the year has been proposed. The business and financial review together with future business developments is provided in the Strategic Report.

### **Corporate Governance**

#### **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 NIE Networks' Audit & Risk Committee includes the Company. The Audit & Risk 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, the appropriateness of the going concern assumption and reviewing the significant issues and judgements;
- the external auditors' plan for the scope of the audit of the statutory accounts;
- 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
- a report on the effectiveness and independence of the external auditors.

#### **Directors**

There were no changes to the Board of directors during the year. Eddie Byrne, Peter Ewing and Nicholas Tarrant were directors throughout the year.

#### **Directors' Insurance**

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

### **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 is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

### **Re-appointment of 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.

### **Financial Risk Management**

Details of the Company's objectives and policies for financial risk management (including liquidity risk and credit risk) are provided in the Risk Management and Principal Risks and Uncertainties section of the Strategic Report.

### **Directors' Responsibilities Statement**

The directors are responsible for preparing the annual report and accounts in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare accounts for each financial period. Under the law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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:

- select suitable accounting policies and then apply them consistently;
- make judgements that are reasonable; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Nicholas Tarrant  
Director

Date: 22 March 2016

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 year ended 31 December 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 (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 Annual Report and Accounts to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on accounts**

In our opinion the accounts:

- ▶ give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its results for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year 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, 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.

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

Date: 31 March 2016

**INCOME STATEMENT**  
for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Finance income	4	25,614	25,607
Finance costs	4	<u>(25,614)</u>	<u>(25,607)</u>
Result before tax		-	-
Tax		<u>-</u>	<u>-</u>
<b>RESULT FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY</b>		<u>-</u>	<u>-</u>

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 December 2015

Other than the results noted above, the Company had no other comprehensive income for the year ended 31 December 2015 or 31 December 2014.



**BALANCE SHEET**  
as at 31 December 2015

	Note	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Financial assets	6	<u>398,279</u>	<u>398,165</u>
<b>Current assets</b>			
Financial assets	6	<u>14,811</u>	<u>14,811</u>
Cash at bank and in hand	7	<u>50</u>	<u>50</u>
		<u>14,861</u>	<u>14,861</u>
<b>TOTAL ASSETS</b>		<u>413,140</u>	<u>413,026</u>
<b>Creditors: amounts falling due within one year</b>			
Financial liabilities	8	<u>14,811</u>	<u>14,811</u>
<b>Creditors: amounts falling due after more than one year</b>			
Financial liabilities	8	<u>398,279</u>	<u>398,165</u>
<b>TOTAL LIABILITIES</b>		<u>413,090</u>	<u>412,976</u>
<b>NET ASSETS</b>		<u>50</u>	<u>50</u>
<b>Equity</b>			
Share capital	10	<u>50</u>	<u>50</u>
Retained earnings		<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u>50</u>	<u>50</u>

The accounts were approved by the Board of directors and authorised for issue on 22 March 2016.

They were signed on its behalf by:

Nicholas Tarrant  
Director

Date: 22 March 2016

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2015

	Share capital £'000	Accumulated profits £'000	Total £'000
<b>At 1 January 2014</b>	<u>50</u>	<u>-</u>	<u>50</u>
Result for the year	-	-	-
Net other comprehensive income for the year	-	-	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 December 2014</b>	<u>50</u>	<u>-</u>	<u>50</u>
Result for the year	-	-	-
Net other comprehensive income for the year	-	-	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 December 2015</b>	<u><u>50</u></u>	<u><u>-</u></u>	<u><u>50</u></u>

## **1. General Information**

NIE Finance PLC is incorporated and domiciled in Northern Ireland.

These accounts were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and applicable accounting standards. The Company's accounts are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The Company is a wholly owned subsidiary of Northern Ireland Electricity Networks Limited (NIE Networks). The results of NIE Networks are included in the consolidated accounts of NIE Networks group.

The principal accounting policies adopted by the Company are set out in note 2.

## **2. Accounting Policies**

### **Basis of Preparation**

The Company transitioned from EU adopted IFRS to FRS 101 for all periods presented. There were no material amendments on the adoption of FRS 101.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of paragraphs 10(d), 10(f), 16, 38(a), 38(b), 38(c), 38(d), 40(a), 40(b), 40(c), 40(d), 111 and 134-136 of IAS 1 *Presentation of Financial Statements*, including requirements relating to cash flows, comparative information, statement of compliance and the management of capital;
- b) the requirements of IAS 7 *Statement of Cash Flows* of preparing a cash flow statement for the Company;
- c) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* relating to the disclosure of amendments to IFRS that are not yet effective; and
- d) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures* for key management personnel and information.

The accounting policies applied in preparing the accounts for the year ended 31 December 2015 are set out below.

### ***New and revised accounting standards and interpretations***

The following standards and amendments to standards, applicable from 1 January 2015, were effective for the period, but did not have a material impact on the accounting policies, financial position or performance of the Company:

Amendment to IAS19 Employee Benefits on Defined Benefit Plans

Annual Improvements to IFRSs – 2010 to 2012 cycle

Annual Improvements to IFRSs – 2011 to 2013 cycle

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

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

## **2. Accounting Policies (continued)**

IFRS 11	Joint Arrangements (effective 1 January 2016)
IFRS 12	Disclosure of Interest in Other Entities
IFRS 14	Regulatory Deferral Accounts (effective 1 January 2016)
IAS 1	Presentation of Financial Statements (effective 1 January 2016)
IAS 16	Property, Plant and Equipment (effective 1 January 2016)
IAS 27	Consolidated and Separate Financial Statements (effective 1 January 2016)
IAS 38	Intangible Assets (effective 1 January 2016)
IAS 41	Agriculture (effective 1 January 2016)
	Annual Improvements to IFRSs – 2012 to 2014 cycle (effective 1 January 2016)
IFRS 9	Financial Instruments (effective 1 January 2018)
IFRS 15	Revenue from Contracts with Customers (effective 1 January 2018)

The directors do not currently expect the adoption of these standards and amendments to have a material impact on the Company's accounts.

### **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 Strategic Report.

As described in the Strategic 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 Networks 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 annual report and accounts.

### **Financial instruments**

#### *Cash at bank and in hand*

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity date of one month 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 (2014 - £3,000). These fees were paid for and borne by the Guarantor on behalf of the Company.

### 4. Net Finance Costs

	2015 £'000	2014 £'000
<b>Finance income:</b>		
Interest receivable on loan to immediate parent undertaking	25,500	25,500
Amortisation of financing income	114	107
<b>Total finance income</b>	<b>25,614</b>	<b>25,607</b>
<b>Finance costs:</b>		
Interest payable on £400m bond	25,500	25,500
Amortisation of financing charges	114	107
<b>Total finance costs</b>	<b>25,614</b>	<b>25,607</b>
<b>Net finance costs</b>	<b>-</b>	<b>-</b>

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 NIE Networks.

### 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

	2015 £'000	2014 £'000
<b>Financial assets – non-current</b>		
Loan to immediate parent undertaking	398,279	398,165
<b>Financial assets – current</b>		
Interest receivable on loan to immediate parent undertaking	14,811	14,811

On 2 June 2011 the Company issued a loan of £400m to NIE Networks, 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 at Bank and in Hand

	2015 £'000	2014 £'000
Cash at bank and in hand	<u>50</u>	<u>50</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 3-4 of the Strategic Report.

	2015 £'000	2014 £'000
<b>Current</b>		
Interest payable on £400m bond	<u>14,811</u>	<u>14,811</u>
<b>Non-current</b>		
£400m bond	<u>398,279</u>	<u>398,165</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, NIE Networks. 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 2015 comprised the Bond which is repayable on 2 June 2026. The bond issue incurred £2.1m of costs associated with raising finance.

The Company's policies and objectives for financial risk management are discussed in Note 2 and in the Risk Management and Principal Risks and Uncertainties section of the Strategic Report on page 3.

### **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	2015 £'000	2014 £'000
Loans and receivables	6	413,090	412,976
Cash and cash equivalents	7	<u>50</u>	<u>50</u>
		<u>413,140</u>	<u>413,026</u>

## 9. Financial Instruments (continued)

### Liquidity risk

The table below summarises the maturity profile of the Bond based on contractual undiscounted payments.

2015	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
<b>Financial Liabilities</b>						
£400m bond (including interest payable)	-	-	25,500	102,000	553,000	680,500

2014	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
<b>Financial Liabilities</b>						
£400m bond (including interest payable)	-	-	25,500	102,000	578,500	706,000

### Fair values of financial assets and financial liabilities

The Bond, which is listed on the London Stock Exchange's regulated market, had a fair value at 31 December 2015 of £519.4m (2014 - £519.4m) based on current market prices. The Company's £400m back-to-back loan had a fair value at 31 December 2015 of £519.4m (2014 - £519.4m) based on the fair value of the £400m bond.

The Company uses the hierarchy as set out in IFRS 13 Fair Value Measurement. All assets and liabilities for which fair value is disclosed are categorised within the fair value hierarchy described as follows:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is not observable.

The fair value of bonds as at 31 December 2015 and 31 December 2014 is considered by the Company to fall within the level 1 fair value hierarchy as defined in IFRS 13. There have been no transfers between levels in the hierarchy during the year.

The directors consider that the carrying amount of other financial assets and liabilities equates to fair value.

## 10. Share Capital

<i>Allotted and fully paid</i>	2015 £'000	2014 £'000
50,000 Ordinary shares of £1 each fully paid up	50	50

## **11. Related Party Disclosures**

### **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 Networks 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 is included in its accounts.

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

	<b>Interest received from related party £'000</b>	<b>Amounts owed by related party £'000</b>
<b>Year to 31 December 2015</b>		
Northern Ireland Electricity Networks Limited	<u>25,500</u>	<u>413,090</u>
<b>Year to 31 December 2014</b>		
Northern Ireland Electricity Networks Limited	<u>25,500</u>	<u>412,976</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 Networks Limited. The loan has a maturity date of 2 June 2026. Further details of this loan are disclosed in note 6.