

ENW CAPITAL FINANCE PLC

**Annual Report and
Financial Statements
for the year ended 31 March 2018**

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Strategic Report

Business review and principal activities

ENW Capital Finance plc ("the Company") is a company limited by shares and incorporated in the United Kingdom under the Companies Act 2006.

The Company acts as a financing company which had notes in issue and listed on the London Stock Exchange. The Company lent the net proceeds of the notes to North West Electricity Networks plc ("NWEN plc"), its immediate parent company. This debt and the associated inter-company loan were repaid at par on maturity in June 2015. The Company remains as a financing entity within North West Electricity Networks (Jersey) Limited group (the "Group").

The Company operates solely as a financing company and therefore there are no non-financial key performance indicators. A review of the Group's non-financial key performance indicators is disclosed in the Annual Report and Consolidated Financial Statements of the key trading subsidiary of the Group, Electricity North West Limited ("ENWL").

Financial performance and key performance indicators

The results for the year are set out in the Profit and Loss Account on page 5.

As the Company is a financing company and has not held any debt over the year, there are no KPI's relevant to this company.

There are no planned changes in the business activities of the Company.

Principal risks and uncertainties

The Board considers the principal risks and uncertainties facing the Company to be those that affect the larger Group. The principal trade and activities of the Group are carried out in ENWL and a comprehensive review of the strategy and operating model, the regulatory environment, the resources and principal risks and uncertainties facing that company, and ultimately the Group, are discussed in the Strategic Report of the ENWL Annual Report and Consolidated Financial Statements, which are available on ENWL's website, www.enwl.co.uk.

Going concern

After making enquiries and based on the assumptions, sensitivities and uncertainties outlined above and in Note 1, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Corporate governance

The details of the internal control and risk management systems which govern the Company in relation to the financial processes are outlined in the Corporate Governance statements contained in the ENWL Annual Report and Consolidated Financial Statements that are available on the website www.enwl.co.uk.

Fair, balanced and understandable

The Directors have reviewed the Annual Report and Financial Statements, to ensure they are fair, balanced and understandable. As part of the review of the Annual Report and Financial Statements the Directors have acknowledged the detailed guidance given to contributors to the financial statements. As part of this process the Directors have taken guidance and advice from the Company's external auditor.

Approved by the Board on 30 May 2018 and signed on its behalf by:



D Brocksom
Director

Directors' Report

The Directors present their Annual Report and the audited Financial Statements of ENW Capital Finance plc for the year ended 31 March 2018.

Dividends

Dividends recognised in the year were £nil (2017: £nil). The Directors do not propose a final dividend for the year ended 31 March 2018 (2017: £nil).

Directors

The Directors of the Company during the year ended 31 March 2018 are set out below. Directors were appointed for the whole year and to the date of this report, except where otherwise indicated.

C Dowling
D Brocksom
N Mills
P Emery
J Lynch

At no time during the year did any Director have a material interest in any contract or arrangement which was significant in relation to the Company's business (2017: same).

Events after the Balance Sheet date

There have been no significant events after the Balance Sheet date.

Future developments

There are no planned changes in the business activities of the Company.

Directors' and officers' insurance

The Group maintains an appropriate level of directors' and officers' insurance whereby Directors are indemnified against liabilities to third parties to the extent permitted by the Companies Act. The insurance is a group policy, held in the name of NWEN (Jersey) and is for the benefit of that company and all its subsidiaries.

Auditor

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

- (1) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditor

Deloitte LLP has expressed its willingness to continue in office as auditor of the Group. In accordance with section 487 of the Companies Act 2006, Deloitte LLP is deemed to be re-appointed as auditor of the Company.

Registered address

The Company is registered in England, UK at the following address:

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

Registered number: 06873051

Approved by the Board on 30 May 2018 and signed on its behalf by:



D Brocksom
Director

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 *'Reduced Disclosure Framework'*. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements 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 financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation of other jurisdictions.

Independent Auditor's Report to the Members of ENW Capital Finance plc

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its result 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.

We have audited the financial statements of ENW Capital Finance plc which comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity, and
- the related Notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 '*Reduced Disclosure Framework*' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises, the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent Auditor's Report to the Members of ENW Capital Finance plc (continued)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters



Christopher Robertson
(Senior Statutory Auditor)
For and on behalf of Deloitte LLP,
Statutory Auditor,
Manchester, United Kingdom
30 May 2018

Financial Statements**Profit and Loss Account***for the year ended 31 March 2018*

	<i>Note</i>	2018 £'000	2017 £'000
Operating result	3	-	-
Interest receivable and similar income	5	-	-
Interest payable and similar charges	6	-	-
Profit on ordinary activities before tax		-	-
Taxation	7	-	-
Profit for the financial year		-	-

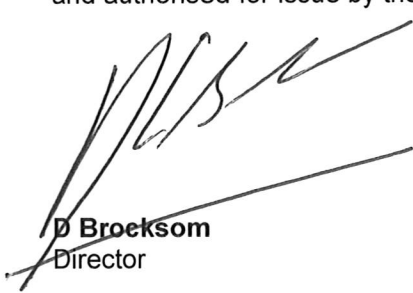
All the results shown in the Profit and Loss Account for the current year and preceding year derive from continuing operations.

There are no other items of comprehensive income for the current year or preceding year, other than the results shown above, and therefore no separate Statement of Comprehensive Income has been presented.

ENW Capital Finance plc*Annual Report and Financial Statements for the year ended 31 March 2018***Balance Sheet***as at 31 March 2018*

	Note	2018 £'000	2017 £'000
ASSETS			
Current assets			
Debtors: due within one year	8	60	60
Cash at bank and in hand	9	14	14
Total assets		74	74
LIABILITIES			
Current liabilities			
Creditors: amounts falling due within one year	10	(14)	(14)
Total liabilities		(14)	(14)
Net current assets		60	60
Net assets		60	60
CAPITAL AND RESERVES			
Called up share capital	11	13	13
Profit and loss account		47	47
Total shareholders' funds		60	60

The financial statements of ENW Capital Finance plc (registered number 06873051) were approved and authorised for issue by the Board of Directors on 30 May 2018 and signed on its behalf by:



D Broeksom
Director

Statement of Changes in Equity*for the year ended 31 March 2018*

	Called up share capital	Profit and loss account	Total Equity
	£'000	£'000	£'000
At 1 April 2016	13	47	60
Profit and total comprehensive income for the year	-	-	-
At 31 March 2017	13	47	60
Profit and total comprehensive income for the year	-	-	-
At 31 March 2018	13	47	60

Notes to the Financial Statements

ENW Capital Finance plc is a company incorporated in the United Kingdom under the Companies Act 2006.

1. Significant accounting policies

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

Basis of preparation

The Company has adopted Financial Reporting Standard 101 '*Reduced Disclosure Framework*' ("FRS 101"), on the basis that it meets the definition of qualifying entity under Financial Reporting Standard 100 '*Application of Financial Reporting Requirements*' ("FRS100") and the financial statements have therefore been prepared in accordance with FRS 101 as issued by the Financial Reporting Council.

As permitted by FRS 101, for both periods presented, the Company has taken advantage of the disclosure exemptions available under the standard in relation to financial instruments, presentation of cash flow statement, standards not yet effective and related party transactions with other wholly-owned members of the Group.

Where relevant, equivalent disclosures are given in the consolidated financial statements of NWEN plc; the consolidated financial statements of NWEN plc are available to the public and can be obtained as set out in Note 13.

The financial statements have been prepared on the historical cost basis and are presented in sterling, which is also the functional currency. All values are rounded to the nearest thousand pounds (£'000) except where otherwise stated.

All Company operations arise from its activities as a financing company in the North West of England. Accordingly, only one operating and geographic segment is reviewed by the Chief Executive Officer and Executive Team.

Basis of preparation - going concern basis

The performance, financial position and principal risks and uncertainties impacting the Company are detailed in the Strategic Report on page 1. The Company is ultimately a subsidiary of North West Electricity Networks (Jersey) Limited ("NWEN (Jersey)"); the key trading subsidiary in the Group is ENWL. As the Company's obligations in respect of the listed debt are met via income receivable from NWEN plc, the Board considers the principal risks and uncertainties facing the Company to be those that affect NWEN plc and the larger Group.

In consideration of this, the Directors of this Company are cognisant of the going concern disclosure which appears in the financial statements of both NWEN (Jersey) and ENWL for the year ended 31 March 2018, the latter of which is available on the website www.enwl.co.uk.

Consequently, after making the appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it is appropriate to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Basis of preparation – adoption of new and revised standards

The Directors are not aware of any new or revised Standards or Interpretations which have impacted these financial statements.

Operating result

Operating result is stated after charging operating expenses but before investment income, net finance expense and other gains and losses.

Notes to the Financial Statements *(continued)*

1. Significant accounting policies *(continued)*

Taxation

The tax expense represents the sum of current and deferred tax charges for the financial year, adjusted for prior year items.

Current taxation

Current tax is based on taxable profit for the year and is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Taxable profit differs from the net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Financial Instruments

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss when the transactions costs are recognised immediately in profit or loss.

Financial assets are classified in to the following specific categories: financial assets 'at fair value through profit or loss' (FVTPL), and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Notes to the Financial Statements (continued)**1. Significant accounting policies (continued)****Financial liabilities**

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method other than those financial liabilities classified as at FVTPL, which are subsequently measured at fair value.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

Borrowing costs and interest income

All borrowing costs and interest income are recognised in profit or loss in the period in which they are incurred.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors do not deem there to be any critical judgements or estimations that affect this company.

3. Operating result

Audit fees payable to Deloitte LLP of £7,087 for the year (2017: £6,910) were borne by another Group company and have not been recharged (2017: same). There were no non-audit fees payable to the auditor in the year (2017: £nil).

4. Directors and employees

The Company had no employees during the year (2017: same). Directors' costs are borne by another Group company and cannot be fairly apportioned to the Company (2017: same).

5. Interest receivable and similar income

	2018 £'000	2017 £'000
Interest receivable from parent undertaking	-	-

Notes to the Financial Statements (continued)**6. Interest payable and similar charges**

	2018 £'000	2017 £'000
Interest payable on borrowings held at amortised cost	-	-

7. Taxation

Corporation tax is calculated at 19% (2017: 20%) of the estimated assessable profit for the year. The rate reduces to 17% on 1 April 2020.

There is no deferred tax in the company in the current or prior year.

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

	2018 £'000	2017 £'000
Profit before tax	-	-
Tax at the UK corporation tax rate of 19% (2017: 20%)	-	-

8. Debtors: due within one year

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Amounts due from parent undertaking	60	60

9. Cash at bank and in hand

	2018 £'000	2017 £'000
Cash at bank and in hand	14	14

10. Creditors: Amounts falling due within one year

	2018 £'000	2017 £'000
Amounts due to parent undertaking	14	14

Notes to the Financial Statements (continued)**11. Called up share capital**

	2018 £'000	2017 £'000
Authorised:		
50,000 ordinary shares of £1 each	50	50
	2018 £'000	2017 £'000
Allotted, called up and part paid:		
50,000 ordinary shares of £1 each, of which £0.25 has been called and paid	13	13

12. Financial commitments

There are no contracted for, but not provided for, financial commitments at the year end (2017: none).

13. Ultimate parent undertaking and controlling entity

The immediate parent undertaking is NWEN plc and the ultimate parent undertaking is North West Electricity Networks (Jersey) Limited, a company incorporated and registered in Jersey. The address of the ultimate parent company is: 44 Esplanade, St Helier, Jersey JE4 9WG.

The largest group in which the results of the Company are consolidated is that headed by North West Electricity Networks (Jersey) Limited. The smallest group in which they are consolidated is that headed by NWEN plc, a company incorporated and registered in the UK. The consolidated financial statements of this Group are available to the public and may be obtained from 304 Bridgewater Place, Birchwood Park, Warrington WA3 6XG.

First State Investment Fund Management S.à.r.l. on behalf of First State European Diversified Infrastructure Fund FCP-SIF ("EDIF") and IIF Int'l Holdings GP Ltd ("IIF") have been identified as ultimate controlling parties and are advised by Colonial First State Global Asset Management (a member of the Commonwealth Bank of Australia Group) and JP Morgan Investment Management Inc respectively.