

Company Registration No. 08374655

NWEN FINANCE PLC
Half Year Condensed Financial Statements
for the period ended 30 September 2021

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Interim Management Report

Cautionary statement

This interim management report contains certain forward-looking statements with respect to the financial condition and business of NWEN Finance plc ("the Company"). Statements or forecasts relating to events in the future necessarily involve risk and uncertainty and are made by the Directors in good faith based on the information available at the date of signature of this report, with no obligation to update these forward-looking statements. Nothing in this unaudited interim management report should be construed as a profit forecast nor should past performance be relied upon as a guide to future performance.

Financial statements

The Annual Report and Consolidated Financial Statements of the Company can be found at www.enwl.co.uk.

Operations

The Company acts as a financing company within the North West Electricity Networks (Jersey) Limited ("NWEN (Jersey)") group of companies ("the Group").

During the period, the Company had a £180m 5.875% 2021 bond in issue and listed on the London Stock Exchange. Following the issue of the debt, the Company lent the net proceeds to its immediate parent company, North West Electricity Networks (Holdings) Limited ("NWEN (Holdings)").

This debt, and the associated inter-company loan asset, matured and were repaid during the period.

There have been no other significant changes to the activity of the Company in the current period.

Results

The results for the period are included in the Condensed Profit and Loss Account on page 4.

Other than the repayment of the bond and associated inter-company loan, there have been no significant events in the 6 months ended 30 September 2021 in respect of the Company.

Principal risks and uncertainties

As the Company's obligations in respect of the listed debt are met via income receivable from NWEN (Holdings), the Board considers the principal risks and uncertainties facing the Company to be those that affect NWEN (Holdings) and the larger Group.

The principal trade and activities of the Group are carried out in Electricity North West Limited ("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 outlined in the Strategic Report of the ENWL Annual Report and Consolidated Financial Statements for the year ended 31 March 2021, which are available on the website, www.enwl.co.uk.

An assessment of the change in risk has been carried out and the principal risks are deemed comparable to those at the last annual report, except for the refinancing risk in the Company. The debt, and associated inter-company loan asset, matured and were repaid in the period, thus eliminating the risk.

Interim Management Report (continued)

Going concern

When considering whether to continue to adopt the going concern basis in preparing these condensed financial statements, the Directors have taken into account a number of factors, including the financial position of the Company and the Group in which it operates.

The Company is ultimately a subsidiary of NWEN (Jersey), and 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 (Holdings), the Board considers the principal risks and uncertainties facing the Company to be those that affect NWEN (Holdings) and the larger Group. The debt, and the associated inter-company loan asset, matured and were repaid during the period.

In consideration of this, the Directors of this Company are cognisant of the going concern disclosure in the Half Year Condensed Consolidated Financial Statements of ENWL. Disclosure of the considerations made by the Directors in terms of the ENWL cash flows, liquidity position, borrowing facilities and covenant compliance can be found in the ENWL Half Year Condensed Consolidated Financial Statements available on the website, www.enwl.co.uk.

The Board has given detailed consideration to the principal risks and uncertainties affecting the Group and Company, as referred to above, and all other factors which could impact on the Group and the Company's ability to remain a going concern.

Consequently, after making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Half Year Condensed Financial Statements.

The going concern basis has been adopted by the Directors, with consideration of the guidance published by the Financial Reporting Council.

Ultimate parent undertaking and controlling party

The immediate parent undertaking is NWEN (Holdings), a company incorporated and registered in the United Kingdom. The ultimate parent undertaking is NWEN (Jersey), a company incorporated and registered in Jersey.

The ownership of the shares in NWEN (Jersey) and, therefore, the ultimate controlling parties of the Company are:

- KDM Power Limited (40.0%);
- Equitix ENW 6 Limited (25.0%);
- Equitix MA North HoldCo Limited (15.0%); and
- Swingford Holdings Corporation Limited (20.0%).

Interim Management Report (continued)

Directors

The Directors who held office during the period are given below. Directors served for the whole six-months, and to the date of this report, except where otherwise indicated.

Executive Directors

- P Emery
- D Brocksom

Non-executive Directors

- R Holden
- S Jones
- P O'Flaherty
- G Pan
- S Sumitomo
- T Tanaka

Alternate Directors

- A Bhuwania
- K Fukushima
- F Kumura
- H Yu

Responsibility statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer as required by DTR 4.2.4R;
- the interim management report includes a fair review of the information required by DTR 4.2.7R; and
- the condensed set of financial statements has been prepared in accordance with FRS104 '*Interim Financial Reporting*'.

Registered address

NWEN Finance plc
Borron Street
Stockport
Cheshire
SK1 2JD

Approved by the Board of Directors and signed on its behalf:



D Brocksom
Chief Financial Officer
29 November 2021

Condensed Profit and Loss Account

For the period ended 30 September 2021

	Note	Unaudited Period ended 30 Sept 2021	Unaudited Period ended 30 Sept 2020	Audited Year ended 31 Mar 2021
		£000	£000	£000
Operating result		-	-	-
Interest receivable from group companies		2,353	5,293	10,587
Interest payable on borrowings at amortised cost		(2,351)	(5,288)	(10,577)
Profit before taxation		2	5	10
Taxation	4	-	(1)	(2)
Profit for the period attributable to equity shareholders of the Company		2	4	8

All the results for the current and prior periods are derived from continuing operations.

There were no other items of comprehensive income, other than the results shown above, therefore no separate Statement of Comprehensive Income has been presented.

Condensed Balance Sheet

As at 30 September 2021

	Note	Unaudited Period ended 30 Sept 2021	Unaudited Period ended 30 Sept 2020	Audited Year ended 31 Mar 2021
		£000	£000	£000
ASSETS				
Current assets				
Loan to parent company	5	-	179,871	179,930
Amounts due from parent company	5	85	3,144	3,091
Cash and cash equivalents		50	50	50
Total assets		135	183,065	183,071
LIABILITIES				
Current liabilities				
Borrowings	6	-	(180,000)	(180,000)
Accrued interest		-	(2,937)	(2,938)
Amounts due to group undertaking		(17)	(16)	(17)
Total liabilities		(17)	(182,953)	(182,955)
Net current assets		118	112	116
Total net assets		118	112	116
CAPITAL AND RESERVES				
Called up share capital		50	50	50
Profit and loss account		68	62	66
Total shareholders' funds		118	112	116

Approved by the Board of Directors on 29 November 2021 and signed on its behalf by:

D Brocksom
Director



Condensed Statement of Changes in Equity

For the period ended 30 September 2021

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 31 March 2020 (audited)	50	58	108
Profit for the period	-	4	4
At 30 September 2020 (unaudited)	50	62	112
At 31 March 2020 (audited)	50	58	108
Profit for the year	-	8	8
At 31 March 2021 (audited)	50	66	116
Profit for the period	-	2	2
At 30 September 2021 (unaudited)	50	68	118

Notes to the Condensed Financial Statements

1. General Information

NWEN Finance plc is a company incorporated in the United Kingdom, and registered in England and Wales, under the Companies Act 2006.

The financial information for the six-month period ended 30 September 2021, and similarly the period ended 30 September 2020, has not been audited or reviewed by the auditor. The financial information for the year ended 31 March 2021 has been based on information in the audited financial statements for that year.

The financial information for the year ended 31 March 2021 does not constitute the statutory financial statements for that year (as defined in s434 of the Companies Act 2006), but is derived from those financial statements. Statutory financial statements for 31 March 2021 have been delivered to the Registrar of Companies. The auditor reported on those financial statements: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or s498(3) of the Companies Act 2006.

2. Significant accounting policies

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 a qualifying entity under FRS 100 '*Application of Financial Reporting Requirements*'. The Annual Report and Financial Statements have, therefore, been prepared in accordance with FRS 101, as issued by the Financial Reporting Council. The Half Year Condensed Financial Statements of the Company, have been prepared in accordance with FRS 104 '*Interim Financial Reporting*'.

As permitted by FRS 101 and FRS 104, for all periods presented, the Company has taken advantage of the disclosure exemptions available under the standards in relation to financial instruments, capital management, presentation of cash flow statement, standards not yet effective and related party transactions with other wholly-owned members of the Group.

The results for the period ended 30 September 2020 have been prepared using the same method of computation and the same accounting policies set out in the Annual Report and Financial Statements of NWEN Finance plc for the year ended 31 March 2021.

The Directors do not believe that the Company is affected by seasonal factors which would have a material effect on the performance of the Company when comparing the interim results to those expected to be achieved in the second half of the year.

These condensed financial statements are prepared on the going concern basis. Further detail on the going concern assessment is contained in the Interim Management Report.

These condensed financial statements are presented in sterling, the functional currency of the Company. All values are stated in thousand pounds (£'000) unless otherwise indicated.

Changes in accounting policy

There are no new accounting policies and Standards adopted for the six-month period ended 30 September 2021, or expected for the remainder of the year to 31 March 2022, that have a significant impact on the Company.

Notes to the Condensed Financial Statements (continued)

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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.

Such estimates and underlying assumptions are reviewed on an ongoing basis. Any 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 accounting judgements or key sources of estimation uncertainty that affect the Company.

4. Taxation

	Unaudited Period ended 30 Sept 2021	Unaudited Period ended 30 Sept 2020	Audited Year ended 31 Mar 2021
	£000	£000	£000
Corporation tax:			
Current period	-	1	2

Corporation tax is calculated at 19% (30 Sept 2020: 19%, 31 Mar 2021: 19%) of the estimated assessable profit for the period.

The tax charge in future periods will be affected by the announcement on 3 March 2021 that the corporation tax rate will be increased to 25% from 1 April 2023. This was substantively enacted on 24 May 2021.

There is no deferred tax in the Company in the current or prior periods.

5. Loan to parent company

	Unaudited Period ended 30 Sept 2021	Unaudited Period ended 30 Sept 2020	Audited Year ended 31 Mar 2021
	£000	£000	£000
Loan to parent company at amortised cost	-	180,000	180,000
Impairment of loan	-	(129)	(70)
Loan to parent company	-	179,871	179,930
Interest due on loan to parent company	85	3,015	3,021
Reimbursement of impairment of loan to parent company	-	129	70
Amounts due from parent company	85	3,144	3,091

On 21 March 2013 the Company lent NWEN (Holdings) proceeds of £180.0m in relation to the debt issue of £180.0m at 5.875% fixed rate due in 2021, on terms aligned to the terms of the external debt (see Note 6). This inter-company loan matured and was repaid in June 2021.

Impairment

Financial assets measured at amortised cost are subject to impairment. In prior periods, the credit risk of the inter-company loan was assessed as low. Accordingly, the loss allowance was measured at an amount equal to 12-month ECL. In determining the expected credit losses for this asset, the directors of the Company took into account the historical default experience, the financial position of the counterparty, and the future prospects of the industry, as appropriate, in estimating the probability of default and loss upon default.

In accordance with provisions within the inter-company loan agreement, the Company requested the reimbursement of the impairment charges incurred.

6. Borrowings

	Unaudited Period ended 30 Sept 2021	Unaudited Period ended 30 Sept 2020	Audited Year ended 31 Mar 2021
	£000	£000	£000
Bonds held at amortised cost	-	180,000	180,000

The £180m 5.875% fixed rate bond in issue in prior periods matured in June 2021. This bond was guaranteed by NWEN (Holdings).

Borrowing facilities

The Company had no unutilised committed bank facilities, nor a formal overdraft facility, at 30 September 2021 (30 Sept 2020: same, 31 Mar 2021: same).