Viridian Group Investments Limited

Revised Consolidated Financial Statements
31 March 2014

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GROUP FINANCIAL HIGHLIGHTS

Underlying Business Results[1]

- Group pro-forma Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was £99.0m (2013 - £99.3m)
- Group operating profit was £77.9m (2013 - £80.9m)

IFRS Results[2]

- Revenue was £1,600.0m (2013 - £1,603.7m)
- Operating profit before exceptional items and certain remeasurements was £75.5m (2013 - £77.3m)

[1] Based on regulated entitlement and before exceptional items and certain remeasurements as outlined in note 4.
[2] Before exceptional items and certain remeasurements.

STRATEGIC AND DIRECTORS' REPORT

OPERATING REVIEW

All references in this document to 'Group' denote Viridian Group Investments Limited and its subsidiary undertakings and to 'Company' denote Viridian Group Investments Limited, the parent company.

Principal Activities

The principal activity of the Company is that of a holding company. The Group's operating businesses and principal activities comprise:

- Energia Group - a vertically integrated energy business consisting of competitive electricity supply to business and residential customers in the Republic of Ireland (RoI) and business customers in Northern Ireland through Energia, its retail supply business, backed by electricity generation from its two Huntstown CCGT plants, and long term Power Purchase Agreements (PPAs) with third-party renewable generators (including wind generation assets in which the Group has an equity interest). The Energia Group also supplies natural gas to business and residential customers, principally in the RoI; and

- Power NI - supply of electricity primarily to residential customers in Northern Ireland; and

- PPB – procurement of power under contract with the Ballylumford power station in Northern Ireland.

The Company previously presented its consolidated financial statements under UK Generally Accepted Accounting Principles (UK GAAP). These revised consolidated financial statements for the year ended 31 March 2014 are the first to have been prepared under International Financial Reporting Standards (IFRS). Upon transition to IFRS, the Company has presented PPB as a separate operating segment for the first time this year as it meets the definition of an operating segment under IFRS 8, Operating Segments.

Strategy

The Group's strategy is focused on leveraging its integrated business model to maintain and enhance its position as a leading independent all-island energy utility and to capture available margin arising in all parts of the value chain in all its businesses, both regulated and unregulated. The Group continually seeks opportunities for margin improvement and will look for growth through complementary acquisition opportunities. Management continues to focus on five strategic objectives which underpin Viridian's strategy:

- improve profitability and maintain stable cash flows;

- maintain high availability of generation plants;

- continue to drive organic growth through expansion principally in renewables;

- focus on profitable customer retention and look for opportunities to diversify our customer base; and

- maintain active engagement with regulators and key lobby groups.

Key Performance Indicators

The Group has determined that the following key performance indicators (KPIs), covering both financial and operational performance, are the most effective measures of progress towards achieving the Group's objectives.

Financial KPIs

The financial KPIs are:

- Energia Group EBITDA and operating profit excluding wind farm assets (pre exceptional items and certain remeasurements);
- Power NI EBITDA and operating profit based on regulated entitlement (pre exceptional items and certain remeasurements); and
- PPB EBITDA and operating profit based on regulated entitlement (pre exceptional items and certain remeasurements).

The Group's financial KPIs are shown below:

	EBITDA		Operating Profit	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Energia Group (excluding wind farm assets)	**71.2**[1]	76.9[1]	**52.8**[2]	60.7[2]
Power NI [3]	**25.0**	20.4	**22.4**	18.2
PPB[3]	**5.5**	5.4	**5.5**	5.4

[1] *As shown in note 4 to the accounts excluding EBITDA from renewable windfarm assets £0.4m loss (2013 – £0.3m loss).*
[2] *As shown in note 4 to the accounts excluding operating losses from renewable windfarm assets £0.4m (2013 – £0.3m loss).*
[3] *As shown in note 4 to the accounts*

Energia Group EBITDA (excluding wind farm assets and pre exceptional items and certain remeasuremens) decreased to £71.2m (2013 - £76.9m) primarily reflecting costs associated with entering the RoI residential market, lower contribution from renewable PPAs (reflecting lower market prices partly offset by increased capacity) and lower utilisation of the Huntstown plant partly offset by a favourable foreign exchange impact reflecting the strengthening of Euro to Sterling during the year compared to last year and higher availability of the Huntstown plants and lower operating costs.

Energia Group operating profit (excluding wind farm assets and pre exceptional items and certain remeasurements) decreased to £52.8m (2013 - £60.7m) for the reasons outlined above for EBITDA together with higher depreciation charges associated with the timing of Huntstown plant outages.

Power NI EBITDA increased to £25.0m (2013 - £20.4m) reflecting higher margin contributions from small scale renewable PPAs together with higher unregulated customer margins including higher unregulated sales and lower operating costs.

Power NI operating profit increased to £22.4m (2013 - £18.2m) reflecting the increase in EBITDA discussed above partly offset by an increase in depreciation and amortisation.

PPB EBITDA and operating profit remained broadly flat at £5.5m (2013 - £5.4m) and £5.5m (2013 - £5.4m) respectively.

Operational KPIs

The operational KPIs are:

Energia Group

- generation plant availability (the percentage of time Huntstown CCGTs are available to produce full output);
- generation plant unconstrained utilisation (the percentage of time Huntstown CCGTs are instructed to generate by the Single Electricity Market Operator (SEMO));
- the volume of electricity sales (TWh) by Energia in Northern Ireland and the RoI;
- the volume of gas sales (million therms) by Energia in Northern Ireland and the RoI; and
- the average annual and year end capacity (MW) of contracted renewable generation in operation in Northern Ireland and the RoI.

Power NI

- the number of complaints which the Consumer Council Northern Ireland (CCNI) takes up on behalf of customers (Stage 2 complaints);
- the volume of electricity sales (TWh) in Northern Ireland;
- market share (by GWh sales) of electricity sales in Northern Ireland; and
- customer numbers.

Operational KPIs and commentary on business performance are set out in the relevant Business Review.

The Group also regards the lost time incident rate (LTIR) as a KPI in respect of employee safety; details are set out in the Workplace section of the Corporate Social Responsibility (CSR) Report.

Regulation and Legislation

Northern Ireland

The electricity industry in Northern Ireland is governed principally by the Electricity (Northern Ireland) Order 1992 (the 1992 Order) and by the conditions of the licences which have been granted under the 1992 Order. The 1992 Order has been amended by subsequent legislation including the Energy (Northern Ireland) Order 2003 (the 2003 Order) and most recently, the Electricity Regulations (Northern Ireland) 2007, the Electricity (Single Wholesale Market) (Northern Ireland) Order 2007 (the SEM Order) and the Gas and Electricity (Internal Markets) Regulations (Northern Ireland) 2011.

Regulators

Northern Ireland Authority for Utility Regulation (Utility Regulator) and the Department of Enterprise, Trade and Investment (DETI) are the principal regulators. Each is given specific powers, duties and functions under the relevant legislation. The functions of the Utility Regulator include licensing (pursuant to a general authority given by DETI) and the general supervision and enforcement of the licensing regime. DETI's functions include licensing, the giving of consents for new power stations and overhead lines, fuel stocking, the encouragement of renewable generation and the regulation of matters relating to the quality and safety of electricity supply.

Regulators' objectives and duties

The principal objective of both the Utility Regulator and DETI in carrying out their functions in relation to electricity is to protect the interests of consumers of electricity, wherever appropriate by promoting effective competition between those engaged in, or in commercial activities connected with, the generation, transmission or supply of electricity. Each of the Utility Regulator and DETI has a duty to carry out its functions in the manner which it considers is best calculated to further this principal objective, having regard to a number of factors, including the need to ensure that all reasonable demands for electricity are met and that licensees are able to finance their authorised activities. In performing that duty they are required to have regard to the interests of individuals whose circumstances include being disabled, chronically sick or of pensionable age or having low incomes or residing in rural areas. They must also have regard to the effect of the industry's activities on the environment and their role includes promoting energy efficiency.

Regulators' objectives and duties (continued)

The 2003 Order gives the CCNI responsibility for representing electricity consumers and dealing with their complaints. The CCNI has powers to investigate matters relating to the interests of consumers regarding their electricity supply and to obtain information from electricity licence holders.

Competition in electricity generation and supply

All wholesale electricity (with limited exceptions) is bought and sold across the island of Ireland through the Single Electricity Market (SEM) which was established in November 2007. The SEM is based on a gross mandatory pool. Generators make offers to sell their electricity into the pool and are dispatched centrally on the basis of their bids. Suppliers purchase all their wholesale requirements from the pool.

In its March 2013 budget statement the UK Government confirmed that it has exempted electricity generators in Northern Ireland from the Carbon Floor Price from 1 April 2013.

The retail market in Northern Ireland is fully open to competition. Approximately 81% (2013 – 82%) of non-residential consumption is supplied by competitors of Power NI. Approximately 33% (2013 – 25%) of residential consumption is supplied by competitors of Power NI.

Licences

There are four types of electricity licence: participation in transmission, supply, generation and SEM operation. Taken together, these licences: regulate the economic behaviour of licensees; set a framework for competition in generation and supply; underpin the arrangements relating to security of supply; protect the technical integrity of the system; and provide for certain types of customer services.

Energia, the Energia Group's competitive energy supply business, holds a supply licence. Power NI Energy holds a supply licence which also covers PPB's activities.

Energia

Energia's supply licence requires it to:

- comply with specified industry codes and agreements;
- be managerially and operationally independent from Power NI Energy;
- provide the Utility Regulator with information and comply with valid directions; and
- comply with the regulatory rules for trading in the SEM and the rules governing the submission of commercial offers to the SEMO when acting as an intermediary.

Power NI Energy (incorporating Power NI and PPB)

Power NI Energy's licence covers the activities of both Power NI and PPB, and requires Power NI to:

- purchase wholesale supplies efficiently (the economic purchasing obligation);
- act as supplier of last resort if directed to do so by the Utility Regulator;
- comply with specified industry codes and agreements;
- set its prices having regard to the tariff methodology statement which sets out the policy for calculating and setting its prices, as approved by the Utility Regulator;
- comply with codes of practice on: payment of bills; services for vulnerable customers; the efficient use of electricity; complaint handling and services for customers with prepayment meters;
- be managerially and operationally independent from Energia; and

Power NI Energy (incorporating Power NI and PPB) (continued)

- comply with various conditions governing supply to residential customers in the competitive market including a prohibition of discrimination in supply where the licensee (together with its affiliates) is in a dominant position.

Licence conditions applicable to PPB require it to:

- contract for electricity at the best effective price reasonably obtainable, having regard to the sources available, and keep its commitments under review (PPB's economic purchasing obligation);

- enter into and comply with arrangements which facilitate PPB bidding into the SEM the capacity contracted to it under long term generating contracts;

- comply with the regulatory rules for trading in the SEM and the rules governing the submission of commercial offers to the SEMO; and

- comply with separate interface arrangements which govern PPB's relationships with SONI Limited (SONI) and Northern Ireland Electricity Limited (NIE).

Power NI Energy's licence requires it to establish, and at all times maintain, the full managerial and operational independence of PPB from other businesses within the Group. PPB's compliance plan sets out the practices, procedures, systems and rules of conduct to ensure compliance with this licence condition.

Licence compliance, modification, termination and revocation

The Utility Regulator has statutory powers to enforce compliance with licence conditions. The 2003 Order provides for the Utility Regulator to levy a financial penalty (up to 10% of the licensee's revenue) for breach of a relevant condition.

The Utility Regulator may modify the conditions of licences in accordance with the procedures set out in the relevant legislation, which include due notice, public consultation and consideration of any representations and objections. In the absence of licensee agreement on price control decisions, the Utility Regulator is required to make a referral to the Competition Commission before a proposed licence modification can be made. Modifications may introduce new conditions (relating to activities authorised by the licence or to other activities) or may amend existing conditions. A modification can be vetoed by DETI. Modifications of licence conditions may also be made by statutory order as a consequence of a reference under the Competition Act 1998.

Licences may be terminated by not less than 25 years' notice given by DETI and are revocable in certain circumstances including: where the licensee consents to revocation; where the licensee fails to comply with an enforcement order made by the Utility Regulator; or where specified insolvency procedures are initiated in respect of the licensee or its assets.

Price controls

Power NI and PPB are subject to price controls, defined in formulae set out in Power NI Energy's licence, which limit the revenues they may earn and the prices they may charge. The principles of price regulation employed in the relevant licence conditions reflect the general duties of the Utility Regulator and DETI under the relevant legislation. These include having regard to the need to ensure that licensees are able to finance their authorised activities.

If the amount of revenue recovered in any one year exceeds or falls short of the amount allowed by the relevant price control formula, a correction factor operates in the following year to give back any surplus with interest, or to recover any deficit with interest, as appropriate. A surplus is referred to as an over-recovery and a deficit as an under-recovery.

Competition in gas supply

Within Northern Ireland, the gas market of Greater Belfast (the Phoenix licensed area) was fully opened to competition on 1 January 2007. Beyond Greater Belfast (the Firmus licensed area) the gas market was partially opened to competition from October 2012 and will be fully open to competition from April 2015. The principal rules for shipping natural gas in Northern Ireland are contained in the Phoenix Distribution Code, the Firmus Distribution Code, and the PTL Transportation Code. Energia holds a gas supply licence.

Renewable energy

The UK Renewable Obligation (RO) scheme applies in Northern Ireland. The RO scheme is designed to incentivise the generation of electricity from renewable sources. The scheme places an obligation on suppliers to source a portion of their electricity from renewable sources (9.7% in Northern Ireland for 2013/14 increasing to 10.7% by 2014/15).

Under the RO scheme, eligible renewable generators receive Renewable Obligation Certificates (ROCs) for each MWh of electricity generated. ROCs are freely tradeable and can be sold to suppliers in order to fulfil their obligation. Suppliers can either present ROCs to cover their obligation or pay a buy-out fee of £42.02/MWh (2013/14) for any shortfall. All proceeds from buy-out fees are recycled to the holders of ROCs.

The Northern Ireland Assembly has a target of sourcing 40% of Northern Ireland's electricity from renewable sources by 2020.

In November 2012, the UK government introduced an Energy Bill which included measures to reform the renewable support mechanism. This became the Energy Act in December 2013 and introduced a Feed-In Tariff with Contracts for Difference (FIT CfD) for large scale (above 5MW) renewable electricity generation in England and Wales from 2014 and will close the RO to new generation in 2017. ROC benefit rights will be grandfathered to projects that qualify prior to April 2017 and there will be grace periods for projects the completion of which is delayed. From 2027 fixed price certificates will be issued, in place of ROCs, to projects qualifying for RO support until the end of the RO mechanism in 2037. Fixed price certificates will be set at the 2027 buyout price, plus 10 per cent and will be inflation-linked. Similar measures will apply to Northern Ireland, subject to the Legislative Consent of the Northern Ireland Assembly. It is proposed that a FIT CfD will not be available for Northern Ireland generation until 2016 at the earliest. The Northern Ireland RO will remain open until 31 March 2017 and will be extended until 2037 to ensure that generation accrediting up until 2017 receives the full 20 years of support under the RO. The framework for FIT CfD support has yet to be finalised.

ROC banding for renewables came into effect in April 2013. Onshore windfarms connecting after 1 April 2013, subject to a 6 month grace period where grid delays have been encountered, will receive 0.9 ROC/MWh. In June 2013 it was confirmed by the Department of Energy and Climate Change (DECC) that it did not intend further to review the banding support levels for onshore wind under the RO.

Republic of Ireland

The principal legislative instruments governing the regulation of the energy sector in the RoI are the Electricity Regulation Act 1999 (the 1999 Act), the European Communities (Internal Market in Electricity) Regulations 2000 and 2005, the Gas (Interim) (Regulation) Act 2002 (the 2002 Act), the European Communities (Internal Market in Natural Gas) (No. 2) Regulations 2004 and the Electricity Regulation (Amendment) (Single Electricity Market) Act 2007 (the 2007 Act).

Regulators

Overall policy responsibility for the energy sector lies with the Minister for Communications, Energy and Natural Resources (the Minister). In this capacity, the Minister is advised by the Department of Communications, Energy and Natural Resources (DCENR) and other statutory bodies including the Commission for Energy Regulation (CER) and the Sustainable Energy Authority of Ireland. CER was established as the regulator of the electricity sector by the 1999 Act and was subsequently vested with regulatory authority over the downstream gas sector by the 2002 Act.

Regulators' objectives and duties

The principal objective of CER in carrying out its functions in relation to energy is to protect the interests of energy consumers, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the generation, transmission or supply of electricity and the transportation and supply of natural gas. CER has a duty to carry out its functions in a manner which does not discriminate between market participants.

The functions of CER include: advising the Minister; licensing market participants; the general supervision and enforcement of the licensing regime; the regulation of third party access and network tariffs in both the gas and electricity sectors; the setting of gas and electricity market rules; setting public electricity supply tariffs and residential gas tariffs and regulating safety in electricity and gas supply to final customers. DCENR's functions include drafting legislation, advising the Minister on issues of energy policy and promoting renewable energy.

Competition in electricity generation and supply

As noted above, all wholesale electricity (with limited exceptions) is bought and sold across the island of Ireland through the SEM. ESB is the incumbent electricity utility in the RoI and its network functions are ring-fenced from its generation and supply interests. EirGrid is the independent TSO and also owns the East/West Interconnector.

The retail market in the RoI is fully open to competition and all customers may choose their supplier. On 4 April 2011, ESB's previously regulated supply business was fully deregulated and rebranded as Electric Ireland. Approximately 62% of non-residential consumption and 43% of residential consumption is supplied by suppliers who compete with Electric Ireland. Energia entered the RoI residential market in January 2014.

East/West Interconnector
The East/West Interconnector, which connects the Irish and GB electricity markets, commenced commercial operation on 21 December 2012 however operations were initially restricted to 250MW due to telecommunication interference issues. An outage to implement changes on the East/West interconnector to remove the telecommunication interference was completed on 1 May 2013 and the interconnector has since been available at its full capability of c530MW.

Great Island CCGT
SSE is currently constructing a 460MW CCGT at Great Island in Co. Wexford which is expected to be commissioned and become operational in late 2014.

Licences

There are seven types of electricity licence: transmission system operation; transmission asset ownership; distribution system operation; distribution asset ownership; SEM operation; supply; and generation. Licences regulate the economic behaviour of licensees; set a framework for competition in generation and supply; underpin the arrangements relating to security of supply; and protect the technical integrity of the system. Huntstown 1 and 2 hold generation licences and Energia holds a supply licence.

Huntstown

The generation licences require Huntstown 1 and 2 to:

- comply with specified industry codes;
- submit to central dispatch by the TSO in the RoI in providing energy and ancillary services to the electricity system;
- appoint a competent operator;
- comply with the rules governing the submission of commercial offers to SEMO; and
- provide CER with information and comply with valid directions.

Energia

Energia's supply licence requires it to:

- comply with specified industry codes;
- comply with the relevant licence conditions of generators (where acting as an intermediary for generators such as windfarms) in submitting commercial offers; and
- provide CER with information and comply with valid directions.

Competition in gas supply

The gas market in the RoI was fully opened to competition on 1 July 2007. The principal rules for shipping natural gas in the RoI are contained in the BGE Code of Operations. Energia holds a gas shipping and gas supply licence. Energia entered the RoI residential market in January 2014.

Renewable energy

The Renewable Energy Feed-In Tariff scheme (REFIT) is designed to encourage renewable generation in the RoI. Under REFIT, suppliers and renewable energy generators enter into a power purchase agreement (PPA) for a minimum of 15 years. In return for entering into the PPA, the supplier receives a supplier balancing payment equal to 15% of the base REFIT tariff for large scale wind. The supplier is also entitled to compensation if the market price of electricity falls below the REFIT tariff. The REFIT tariff for large scale wind generation is set at €69.581/MWh for 2014, and is indexed annually to the Consumer Price Index (CPI) in the RoI.

In February 2012 a REFIT 3 support scheme was introduced for Biomass technologies and in March 2012 a REFIT 2 support scheme was introduced for onshore wind, hydro and biomass landfill gas technologies. The structure of the new schemes is similar to REFIT 1, but the supplier balancing payment is unindexed and will be recovered where market prices exceed the REFIT reference prices.

The RoI Government has a target for 40% of electricity consumption to come from renewable sources by 2020. Overall the RoI Government is targeting approximately 4GW of renewable generation. Electricity consumption from renewable sources was c24% in 2012.

Single Electricity Market

The Utility Regulator and CER (the Regulatory Authorities (RAs)) work together in the exercise of their statutory functions in relation to the SEM.

Decisions in relation to SEM matters are taken by the SEM Committee which was established in accordance with the SEM Order (in Northern Ireland) and the 2007 Act (in the RoI). DETI and the Minister for Communications, Energy and Natural Resources have appointed members to the SEM Committee from the RAs together with an independent member and a deputy independent member. The voting rights and quorum rules for the SEM Committee are set out in the SEM legislation.

Oversight arrangements discharged by senior management from the RAs include a committee to receive delegations of authority from the SEM Committee to carry out certain functions including: management of resources across both RAs; coordinating and developing proposals for consideration by the SEM Committee; and the management of key regulatory functions. The four key regulatory functions for which a designated manager has been assigned are: management of the trading rules; monitoring the market; modelling the market; and regulation of SEMO.

On non-SEM matters, the Utility Regulator and CER exercise their statutory functions separately in their own jurisdictions.

The European Union (EU) has developed legislation to establish a European Electricity Target Model (EU Target Model) by 2014 to facilitate a pan-European Electricity Market. The new rules are binding on all EU member states. The EU Target Model is designed to harmonise cross border trading arrangements across all European electricity markets. Unlike the SEM's mandatory gross pool structure with central dispatch, most electricity markets in Europe are bilateral markets and are broadly compatible with the EU Target Model design. Because of the significant changes required to the SEM, a two year derogation has been granted to Northern Ireland and the RoI. The new integrated Single Electricity Market (I-SEM) for the all island electricity market must therefore be compliant with the EU Target Model by the end of 2016. The Governments of Northern Ireland and the RoI have charged the SEM Committee with responsibility for revising the SEM so that trading arrangements for the island of Ireland are compliant with EU requirements.

In February 2013 the RAs published a decision paper setting out high level principles, timelines and governance arrangements for the project. This provides that the core market structure of the SEM will be retained to the extent practically possible while retaining certain features such as: central dispatch; capacity payments; priority dispatch for renewables; and market power mitigation measures.

In February 2014 the RAs published a consultation paper on the I-SEM High Level Design. This describes four High Level Design Options which represent different ways of implementing the EU Target Model. Each option will be assessed against the principles that underpinned the creation of the SEM and its compliance with the EU Target Model. In addition, and recognising the importance of capacity payments, the consultation paper also covers capacity remuneration mechanisms and notes the importance of compatibility of any mechanisms adopted with the EU State Aid rules. A proposed decision is expected to be published in June 2014 with a final I-SEM High Level Design decision expected following the SEM Committee meeting on 28 August 2014. The detailed design phase of the project will follow the High Level Design decision with full implementation of the I-SEM market arrangements to be completed by December 2016.

Business Reviews

Energia Group

Background information

The Energia Group operates as a vertically integrated energy business consisting of competitive electricity supply to business and residential customers in the RoI and business customers in Northern Ireland through Energia, its retail supply business, backed by electricity generation from its two Huntstown CCGT plants and long term PPAs with third-party renewable generators (including wind generation assets in which the Group has an equity interest). The Energia Group also supplies natural gas to business and residential customers, principally in the RoI.

Huntstown 1, a 343MW CCGT plant on the Huntstown site north of Dublin, was commissioned in November 2002 and Huntstown 2, a 404MW CCGT plant adjacent to Huntstown 1, was commissioned in October 2007.

During the year Energia entered the market for residential electricity and gas supply in the RoI. A pilot scheme was undertaken in late 2013 and a full market offering was launched on 30 January 2014. As at 31 March 2014, Energia supplied 10,000 residential customers. The financial impact of entering the RoI residential market, included within the accounts for the year ended 31 March 2014, was a loss of £1.9m.

Sale of direct investment in operating and in-construction windfarm assets

On 14 March 2012 the Energia Group completed the disposal of its operating and in-construction windfarms (104MW) to an affiliated entity (Windco) under the control of the Group's immediate parent undertaking, ElectricInvest I Limited. The sale consisted of the Group's Northern Ireland in-construction windfarm assets through the disposal of 100% of Viridian Resources Limited (VRL) and the RoI operating and in-construction windfarm assets through the disposal of 50% of Eco Wind Power Limited (EWP).

On 15 June 2012 the sale of 80% of VRL and 75% of EWP (comprising Windco's 50% holding together with 25% owned by the Group) to AMP Capital Investors (UK) Limited (AMP) was completed. The immediately available proceeds were used to repay a bridge loan owing by Windco and to make a £24m prepayment on the Junior bank facility A of the Company's immediate parent Viridian Group Holding Limited. In June 2013 further proceeds of £3.0m became available from completion of the development of the in-construction windfarms and were applied to the part prepayment of the Junior bank facility A. Also on 15 June, the remaining 20% of VRL was transferred back to the Energia Group.

Financial performance

Revenues increased to £1,014.2m (2013 - £997.2m) primarily reflecting increased trading over the East/West interconnector, higher renewable PPA revenues (associated with higher renewable capacity, higher wind factors and higher ROC sales partly offset by lower market prices) and the favourable impact of foreign exchange translation (with the strengthening of Euro to Sterling compared with last year), partly offset by lower Huntstown plant utilisations and lower Energia gas sales volumes.

Excluding external revenues from renewable windfarm assets of £0.5m (2013 - £0.6m) revenues increased to £1,013.7m (2013 - £996.6m).

EBITDA (pre exceptional items and certain remeasurements) decreased to £70.8m (2013 - £76.6m). Excluding EBITDA from renewable windfarm assets of £0.4m loss (2013 - £0.3m loss) EBITDA decreased to £71.2m (2013 - £76.9m) reflecting costs associated with entering the RoI residential market, lower contribution from renewable PPAs (reflecting lower market prices partly offset by increased capacity) and lower utilisation of the Huntstown plants partly offset by a favourable foreign exchange impact reflecting the strengthening of Euro to Sterling during the year compared to last year, higher availability of the Huntstown plants and lower operating costs.

Exceptional operating costs

Exceptional costs were £30.0m (2013 - £0.6m) and for 2014 relate to an impairment of the property, plant and equipment of the Huntstown plant associated with the reduced utilisation of the power plant as a result of the ongoing impact of the coal gas switch detailed below. Exceptional costs in 2013 comprised the costs relating to the carbon revenue levy which ended on 25 May 2012.

Certain remeasurements

Certain remeasurements arising from the transition to IFRS include £3.8m loss on the recognition of the fair value of derivatives (2013 - £1.7m loss).

Operational performance

KPIs	**2014**	2013
Availability (%)		
- Huntstown 1	**100.0**	98.3
- Huntstown 2	**98.8**	90.8
Utilisation (%)		
- Huntstown 1	**1.0**	15.3
- Huntstown 2	**24.7**	60.4
Energia electricity sales (TWh)	**5.2**	5.2
Energia gas sales (million therms)	**64**	71
Contracted renewable generation capacity in operation in Northern Ireland and the RoI (MW)		
- average during the year	**607**	541
- at 31 March	**687**	582

Huntstown 1 availability (including planned and unplanned outages) was 100.0% (2013 – 98.3%). The 2013 availability reflected a 6 day planned outage from 29 September 2012 to 4 October 2012. During that planned outage a defect was identified in the gas turbine generator which will require to be repaired in due course. The plant was returned to service and remains available. An estimated outage of c20 days in duration will be required to complete the repair, the timing of which is uncertain in light of the low levels of utilisation.

Huntstown 2 achieved availability of 98.8% (2013 – 90.8%) reflecting the successful completion of a 35 day major planned outage which commenced on 2 March 2013 in line with its long term service agreement with Mitsubishi. The plant returned to normal operation on 6 April 2013. The 2013 availability reflected the completion of a 12 day planned outage which commenced on 23 March 2012 and the commencement of the major planned outage on 2 March 2013.

Huntstown 1 utilisation reduced to 1.0% (2013 – 15.3%) reflecting the ongoing impact of the coal/gas price switch (the switch in the generation merit order in the SEM resulting from the relative cost of generating a MWh of electricity from coal being less than that of generating a MWh of electricity from gas principally due to the significant reduction in the cost of carbon credits from November 2011) together with the impact of the commissioning of new wind capacity and the commercial operation of the East/West Interconnector at full capacity from 1 May 2013.

Huntstown 2 utilisation reduced to 24.7% (2013 – 60.4%) for the same reasons as noted above for Huntstown 1. Notwithstanding the reduction in utilisations of both Huntstown 1 and Huntstown 2 both plants continued to earn capacity payments based on their availabilities.

In light of the reduced utilisation of the Huntstown plants in October 2012, Huntstown 1 commenced the bidding of gas capacity costs into its short run marginal cost (SRMC) to ensure recovery of such costs when the plant is scheduled to run by the system operator. During the year Huntstown 2 also commenced the bidding of gas capacity costs into its SRMC. On 19 November 2013, Viridian filed judicial review proceedings in respect of the CER’s decision to make changes regarding the availability of certain gas capacity products with effect from 2 December 2013. On 20 February 2014, the CER partly rescinded its earlier decision and a within-day gas capacity product will now remain available to generators and can be bid into the market as part of their SRMC.

On 28 April 2014 the RAs published their consultation paper on the proposed capacity pot to be available for calendar year 2015. Based on the methodology previously agreed, the proposed capacity pot for calendar year 2015 is €576.0m and represents a 1.8% increase over the calendar year 2014 capacity pot of €565.8m (calendar year 2013 - £529.9m). The consultation process closes on 28 May 2014 and the RAs final decision is expected in summer 2014.

Energia supplies c25% (2013 – c26%) of the business electricity market by volume on an all-island basis. Sales remained flat at 5.2TWh (2013 - 5.2TWh) with business customer sites supplied increasing to 61,100 (2013 – 60,200).

Operational performance (continued)

Energia supplies c21% (2013 – c20%) of the natural gas market by volume in the RoI (excluding power generation). The number of business customer sites supplied was 4,200 (2013 – 4,300) with sales volumes of 64m therms (2013 – 71m therms).

In December 2013 DCENR pursuant to the Energy Efficiency Directive, indicated their intention to impose a mandatory Energy Efficiency Obligation on suppliers to achieve 550GWh of primary energy savings annually between January 2014 and December 2020. A set of buyout and penalty mechanisms would impact suppliers not meeting their obligation. Energia have actively engaged with DCENR and highlighted the cost implications for customers however the supplier obligation applicable to Energia has not yet been provided.

Renewable portfolio

Energia Group's renewable portfolio primarily consists of offtake contracts with third party-owned windfarms (including wind generation assets in which the Group has an equity interest) and a development pipeline of windfarm projects owned by the Energia Group.

Offtake contracts[1] - Energia has entered into contracts with developers under which it has agreed to purchase the long term output of a number of windfarm projects and with generators from other renewable sources as shown below:

MW	Operating	Under construction	In development	**Total**
NI	248	77	54	**379**
RoI	439	11	100	**550**
	687	**88**	**154**	**929**

The average contracted renewable generation capacity in operation during the year was 607MW (2013 - 541MW) with 31 March 2014 capacity increasing to 687MW (2013 - 582MW).

During the year the operating capacity under contract in Northern Ireland increased to 248MW (2013 – 172MW) and the RoI operating capacity increased to 439MW (2013 – 410MW) as new windfarms were commissioned. 77MW of contracted capacity in Northern Ireland and 11MW of contracted capacity in the RoI relates to windfarms which are currently under construction. The windfarms being developed (154MW) are expected to become operational in the next three years. Energia is aiming to negotiate further contracts with windfarm developers and generators from other renewable sources in both Northern Ireland and the RoI.

Direct investment – During the year the Energia Group completed the acquisition of two windfarm development projects in Northern Ireland; the acquisition of a 20MW project in April 2013; followed by the acquisition of a 27MW project in October 2013. In February 2014 Energia Group completed the construction of a 9MW windfarm in the RoI; the project consisted of three Siemens SWT101 turbines, the first to be installed in Northern Ireland or the RoI.

During the year Energia Group put in place certain non-recourse project finance facilities – in June 2013, facilities of up to €14.4m in respect of a 9MW windfarm project in the RoI; and in December 2013, facilities of up to £24.1m in respect of the 20MW Northern Ireland project acquired during the year. In May 2014 further non-recourse project finance facilities of £6.8m were put in place in respect of a 5MW windfarm project in Northern Ireland.

At 31 March 2014 the Energia Group had a direct investment in 118MW (2013 – 80MW) of in-development windfarm capacity which comprises 59MW in Northern Ireland (of which 25MW is in construction) and 59MW in the RoI. These assets are expected to become operational in the next three years. The Energia Group further has a direct investment in 9MW (2013 – nil) of wind generation capacity in the RoI which became operational in February 2014.

The Energia Group also has a further pipeline of projects which are in various stages of obtaining planning permission.

The Energia Group also retains a minority share of 25% in the RoI windfarm projects and 20% in the Northern Ireland windfarm projects sold to AMP in June 2012.

[1] Numbers include offtake contracts between Energia and direct investment windfarms

Power NI

Background information

Power NI is the regulated electricity supplier in Northern Ireland. The number of customers supplied at 31 March 2014 reduced to 599,000 (2013 - 620,000) primarily reflecting continued competition in the residential market.

Power NI purchases the majority of its wholesale requirements from the SEM pool and hedges its exposure to pool price volatility through a combination of contracts for difference (CfDs) with PPB, ESB Power Generation and other independent generators and tariffs for certain larger customers which are partly or fully indexed to pool price.

Price control

The price control provides Power NI an allowance in respect of its operating costs plus a margin, together with the pass through to customers of its wholesale energy costs subject to compliance with its economic purchasing obligation, together with the cost of market levies and payments for use of the transmission system and the distribution system.

The previous 2 year price control period expired on 31 March 2014. On 13 March 2014 Power NI accepted licence modifications giving effect to a new price control for the 3 year period 1 April 2014 to 31 March 2017. The new price control is based on a lower non-domestic deregulated threshold of 50MWh consumption per annum (previously 150MWh per annum). The deregulated threshold will remain under review during the price control period. Together with an increased operating cost allowance for certain IT costs the price control decision also includes an increase in regulated net margin from 1.7% to 2.2%.

Financial performance

Revenues reduced to £458.3m (2013 - £491.7m) primarily due to the reduction in residential customer numbers together with lower consumption per customer partly offset by higher average tariff prices and higher unregulated sales volumes.

EBITDA increased to £25.0m (2013 - £20.4m) reflecting higher margin contributions from small scale renewable PPAs together with higher unregulated customer margins including higher unregulated sales and lower operating costs.

Operational performance

KPI	**2014**	2013
Stage 2 complaints to the Consumer Council (number)	**7**	**7**
Market share of Northern Ireland electricity sales (%)		
- Residential	**67**	**75**
- Non-residential	**19**	**18**
Customers (number)		
- Residential	**562,000**	**584,000**
- Non-residential	**37,000**	**36,000**
	599,000	**620,000**
Electricity sales (TWh)	**3.0**	**3.4**

During the year Power NI received seven (2013 - seven) Stage 2 complaints. The number of complaints continues to compare favourably with best practice in GB and represents best practice in the Northern Ireland residential electricity supply market.

SSE Airtricity and Budget Energy continued to be active in the Northern Ireland residential market where customer numbers decreased to 562,000 at 31 March 2014 (2013 – 584,000) with market share by volume decreasing to 67% (2013 – 75%). Non-residential customer numbers increased slightly to 37,000 (2013 – 36,000) with market share by volume of 19% (2013 – 18%).

Electricity sales reduced to 3.0TWh (2013 – 3.4TWh) reflecting the reduction in residential customer numbers and lower average consumption per customer.

PPB

Background information

PPB's primary role is to administer the contracted generation capacity from the Ballylumford power station in Northern Ireland under legacy generating unit agreements which were originally established in 1992 when the Northern Ireland electricity industry was restructured, and to sell this wholesale electricity into the SEM pool. PPB also offers CfDs to suppliers and sells ancillary services to SONI. To the extent that the revenue PPB receives from trading in the SEM (including any CfD revenues) and from ancillary services payments is insufficient to cover its costs of procuring wholesale supplies of electricity plus the regulated allowance to cover its own costs, PPB is entitled to recover any shortfall via public service obligation (PSO) charges payable by suppliers. (In practice NIE makes payments to PPB equal to the shortfall and recovers the cost of those payments through its PSO charges). Likewise, PPB is required to return any surplus revenue.

As at 31 March 2014 the generation capacity remaining under contract to PPB comprised 600MW with Ballylumford. On 19 March 2014 the Utility Regulator published a consultation paper on the possible cancellation of all remaining generation capacity under contract to PPB with effect from December 2014 based on their economic assessment of the contracts. In its response to the consultation PPB have disagreed with the Utility Regulator's assessment and in their response on 30 April 2014 have strongly challenged the Utility Regulator's analysis and highlighted areas of significant value to Northern Ireland customers through the retention of these contracts. A final decision is expected shortly.

Price control

PPB's current price control runs from 1 April 2012 to 31 March 2015. The price control provides an allowance in respect of PPB's own costs through a management fee which is partially subject to PPB's performance as measured against a set of targets relating to the business's activity in the SEM and its control of costs under its generation contracts.

Financial performance

Revenues increased to £131.3m (2013 - £119.8m) primarily due to higher constrained utilisation of the Ballylumford plant partly offset by the expiry, on 1 November 2012, of 116MW of contracted capacity at Ballylumford and 58MW of contracted capacity at Kilroot together with 58MW at Coolkeeragh from 1 February 2013. EBITDA was £5.5m (2013 - £5.4m).

SUMMARY OF FINANCIAL PERFORMANCE

Conversion to IFRS

The Company previously presented its consolidated financial statements under UK GAAP. These revised consolidated financial statements for the year ended 31 March 2014 are the first to have been prepared under IFRS. Note 33 to the revised consolidated financial statements presents the equivalent income statement (for the year ended 31 March 2013) and equivalent balance sheets (at transition 1 April 2011 and last year 31 March 2013) under UK GAAP with reconciliations between UK GAAP and IFRS.

Revenue

Revenue from continuing operations decreased to £1,600.0m (2013 - £1,603.7m). The breakdown by business is as follows:

Year to 31 March	2014 £m	2013 £m
Energia Group *	1,014.2	997.2
Power NI (based on regulated entitlement)	458.3	491.7
PPB (based on regulated entitlement)	131.3	119.8
Adjustment for under-recovery	(2.4)	(3.6)
Inter business elimination	(1.4)	(1.4)
Total revenue from continuing operations	1,600.0	1,603.7

* *includes £0.5m (2013 - £0.6m) of revenue from renewable windfarm assets.*

Energia Group revenue increased to £1,014.2m (2013 - £997.2m). Excluding external revenue from renewable windfarm assets of £0.5m (2013 - £0.6m) Energia Group revenues increased to £1,013.7m (2013 - £996.6m) primarily reflecting increased trading over the East/West interconnector and higher renewable PPA revenues (associated with higher renewable capacity, higher wind factors and higher ROC sales partly offset by lower market prices) and the favourable impact of foreign exchange translation (with the strengthening of Euro to Sterling compared to last year), partly offset by lower Huntstown plant utilisations and lower Energia gas sales volumes.

Power NI revenue (based on regulated entitlement) decreased to £458.3m (2013 - £491.7m) primarily due to the reduction in residential customer numbers together with lower consumption per customer partly offset by higher average tariff prices and higher unregulated sales volumes.

PPB revenue (based on regulated entitlement) increased to £131.3m (2013 - £119.8m) primarily due to higher constrained utilisation of the Ballylumford plant partly offset by the expiry, on 1 November 2012, of 116MW of contracted capacity at Ballylumford and 58MW of contracted capacity at Kilroot together with 58MW at Coolkeeragh from 1 February 2013.

During the year the Power NI Energy regulated businesses under-recovered against their regulated entitlement by £2.4m (2013 – under-recovered by £3.6m) and at 31 March 2014 the cumulative under-recovery against regulated entitlement was £19.1m. The under-recovery of regulated entitlement reflects the phasing of tariffs.

Operating costs

Operating costs (pre exceptional items and certain remeasurements) decreased to £1,524.5m (2013 - £1,526.4m) and include energy costs, employee costs, depreciation and amortisation and other operating charges.

Energy costs include the cost of wholesale energy purchases from the SEM pool, capacity payments made to the SEM, the cost of natural gas and fixed natural gas capacity costs for the Huntstown plants, emissions costs, use of system charges and costs for third party renewable PPAs. Energy costs increased to £1,435.5m (2013 - £1,432.7m) primarily reflecting the impact of foreign exchange translation (with the strengthening of Euro to Sterling compared to last year) together with the impact of higher interconnector trading at Energia, higher renewable PPA costs (associated with higher renewable capacity and higher wind factors) and higher

Ballylumford plant utilisation, partly offset by lower Huntstown plant utilisations, lower electricity sales volumes for Power NI and lower gas sales volumes for Energia together with the expiry of PPB contracts with generators outlined previously.

Employee costs include salaries, social security costs and pension costs. Employee costs were broadly flat at £21.3m (2013 – £21.4m) reflecting an increase in staff numbers to 444 at 31 March 2014 (31 March 2013 – 437) offset by higher capitalisation of renewable project specific staff costs.

Depreciation and amortisation increased to £21.1m (2013 – £18.4m) primarily due to the timing of Huntstown plant outages and higher depreciation for Power NI following the implementation of the new billing system in May 2012.

Other operating charges include costs such as operating and maintenance costs, insurance, local business taxes, consultancy, marketing, licence fees and IT services. Other operating charges decreased to £46.6m (2013 - £53.9m) primarily due to lower plant maintenance costs reflecting reduced utilisations together with lower Power NI operating costs associated with the timing of certain pass-through costs in respect of the new billing system implemented in May 2012, partly offset by the impact of foreign exchange translation (with the strengthening of Euro to Sterling compared to last year) and increased costs associated with Energia's entry into the RoI domestic market.

Group operating profit

Operating profit (pre exceptional items and certain remeasurements) decreased to £75.5m (2013 - £77.3m) reflecting a reduction in Energia Group operating profit partly offset by an increase in Power NI operating profit and a lower under-recovery of regulated entitlement.

Year to 31 March	2014 £m	2013 £m
Energia Group	52.4	60.4
Power NI	22.4	18.2
PPB	5.5	5.4
Other	(2.4)	(3.1)
Group pro-forma operating profit	77.9	80.9
Under-recovery of regulated entitlement	(2.4)	(3.6)
Operating profit	75.5	77.3

All of the above amounts are pre exceptional items and certain remeasurements as shown in note 4 to the accounts

Group pro-forma operating profit (pre exceptional items and certain remeasurements) decreased to £77.9m (2013 - £80.9m) reflecting a decrease in Energia Group operating profit from £60.4m to £52.4m partly offset by an increase in Power NI operating profit from £18.2m to £22.4m.

Energia Group operating profit decreased to £52.4m (2013 - £60.4m). Excluding operating loss from renewable wind farm assets of £0.4m (2013 – loss of £0.3m), Energia Group operating profit decreased to £52.8m (2013 - £60.7m) primarily due to costs associated with entering the RoI residential market, lower contribution from renewable PPAs (reflecting lower market prices partly offset by increased capacity), lower utilisation of the Huntstown plant and higher depreciation charges reflecting the timing of plant outages partly offset by a favourable foreign exchange impact reflecting the strengthening of Euro to Sterling during the year compared to last year, higher availability of the Huntstown plant and lower operating costs.

Power NI operating profit increased to £22.4m (2013 - £18.2m) reflecting higher margin contributions from small scale renewable PPAs together with higher unregulated customer margins including higher unregulated sales and lower operating costs partly offset by higher depreciation and amortisation charges in respect of the new billing system which went live in May 2012.

PPB operating profit remained broadly flat at £5.5m (2013 - £5.4m).

Group EBITDA

The following table shows the Group pro-forma EBITDA (pre exceptional items and certain remeasurements) by business:

Year to 31 March	2014 £m	2013 £m
Energia Group	70.8	76.6
Power NI	25.0	20.4
PPB	5.5	5.4
Other	(2.3)	(3.1)
Group pro-forma EBITDA	99.0	99.3

All of the above amounts are pre exceptional items and certain remeasurements as shown in note 4 to the accounts

Group pro-forma EBITDA (pre exceptional items and certain remeasurements) decreased slightly to £99.0m (2013 - £99.3m) primarily reflecting a decrease in EBITDA at Energia Group partly offset by an increase in EBITDA at Power NI.

Energia Group EBITDA (pre exceptional items and certain remeasurements) decreased to £70.8m (2013 - £76.6m). Excluding EBITDA from renewable wind farm assets of a £0.4m loss (2013 - £0.3m loss) Energia Group EBITDA (pre exceptional items and certain remeasurements) decreased to £71.2m (2013 - £76.9m) for the same reasons as described above for operating profit.

Power NI EBITDA increased to £25.0m (2013 - £20.4m) for the same reasons as described above for the increase in operating profit.

PPB EBITDA remained broadly flat at £5.5m (2013 - £5.4m).

Exceptional items

Exceptional operating costs of £33.3m relate to an impairment of the Huntstown plant £30.0m as described above within the Energia Group section together with £3.3m costs incurred on the Group's bid for Bord Gais Energy. Exceptional operating costs of £0.6m in 2013 comprised the costs relating to the carbon revenue levy which ended on 25 May 2012.

Profit on disposal of continuing operations of £1.6m in 2014, relates to a net benefit arising from residual transaction costs attributable to the sale of NIE and Powerteam to ESB on 21 December 2010 which are no longer expected to occur.

Profit on disposal of continuing operations of £0.4m in 2013, related to the sale of a further 25% of EWP and certain of their subsidiaries to AMP on 15 June 2012.

Certain remeasurements

Certain remeasurements include a £17.0m loss on the recognition of the fair value movements of derivatives (2013 - £8.2m profit) as outlined in note 6 to the accounts.

Net finance costs

Net finance costs (pre exceptional items and certain remeasurements) decreased from £84.4m to £70.6m primarily reflecting lower interest cost of the Senior secured notes as a result of the partial redemption of 9.3% of the original issue amount on 4 June 2013 together with a favourable foreign exchange impact on the translation of the USD denominated Senior secured notes partly offset by higher interest cost on the subordinated shareholder loan reflecting the capitalisation of PIK interest.

Tax charge

The total tax credit (pre exceptional items and certain remeasurements) was £3.2m (2013 – £9.1m) with 2013 primarily benefitting from a higher deferred tax asset associated with tax losses carried forward.

A detailed analysis of the tax charge is outlined in note 10 to the accounts.

Cash flow before acquisitions, disposals, interest and tax

Group cash flow before acquisitions, disposals, interest and tax of continuing operations is summarised in the following table:

Year to 31 March	2014 £m	2013 £m
Group pro-forma EBITDA [1]	**99.0**	99.3
Defined benefit pension charge less contributions paid	**(1.5)**	(1.3)
Net movement in security deposits	**1.1**	35.6
Changes in working capital [2]	**(10.1)**	5.2
Under-recovery of regulated entitlement	**(2.4)**	(3.6)
Revaluation of emissions assets	**-**	8.5
Foreign exchange translation	**(0.2)**	0.5
Exceptional cash outflows	**(3.3)**	(1.8)
Cash flow from operating activities	**82.6**	142.4
Net capital expenditure [3]	**(23.5)**	(10.0)
Proceeds from sale and purchases of other intangibles	**1.1**	0.3
Cash flow before acquisitions, disposals, interest and tax	**60.2**	132.7

(1) Includes EBITDA of renewable wind farm assets of a £0.4m loss (2013 - £0.3m loss)
(2) Includes changes in working capital of renewable wind farm assets of £0.3m increase (2013 – £0.2m increase)
(3) Includes capital expenditure on renewable wind farm assets of £19.3m (2013 - £4.1m)

Group cash flow from operating activities reduced to £82.6m (2013 - £142.4m) primarily reflecting a reduction in cash inflow from security deposits £1.1m (2013 – cash inflow of £35.6m) and an increase in working capital of £10.1m (2013 – reduction of £5.2m) together with 2013 including a revaluation of emissions assets of £8.5m.

Net movement in security deposits

The net movement in security deposits was an inflow of £1.1m (2013 – inflow of £35.6m). The 2013 cash flow reflects the replacement of cash security deposits with letters of credit following the refinancing of the Group in March 2012. As at 31 March 2014 there were £2.4m of security deposits in place (2013 - £3.5m).

Changes in working capital

Working capital consists of inventories plus trade and other receivables (primarily retail energy sales including unbilled consumption, wholesale energy income, capacity payment income and ROC sales), prepayments and accrued income less trade and other creditors (primarily wholesale energy costs, capacity payments, natural gas and fixed natural gas capacity costs, renewable PPA costs, ROC costs, emission costs and use of system charges), payments received on account, accruals and tax and social security.

Working capital increased by £10.1m (2013 – decrease of £5.2m) due to an increase in the working capital requirements of the Energia Group and PPB partly offset by a reduction in the working capital requirements of Power NI and other Viridian holding companies.

Energia Group working capital increased by £9.8m (2013 – increase of £10.3m). Excluding changes in the working capital of renewable wind farm assets, Energia Group working capital increased by £9.5m (2013 – increase of £10.1m) primarily due to a reduction in trade creditors and accruals (primarily due to lower market prices and volumes and lower utilisation of the Huntstown plants) and higher accrued income (mainly reflecting higher interconnector trading) partly offset by a reduction in trade debtors (reflecting lower sales volumes in the month of March 2014 compared to March 2013).

Working capital at Power NI decreased by £10.1m (decrease of 2013 - £9.1m) primarily due to lower Power NI trade debtors (net of payments on account) and accrued income (primarily reflecting lower customer numbers and average consumption partly offset by the impact of the 17.8% tariff increase) partly offset by a reduction in trade creditors and accruals (reflecting lower market prices and lower volumes).

Working capital at PPB increased by £10.7m (decrease of 2013 - £7.3m) primarily due to a reduction in trade creditors and accruals (reflecting timing differences in the payment of PPA costs over the 2013 Easter period) and higher accrued income (reflecting higher constrained running of the Ballylumford plant in March 2014 compared to March 2013).

Working capital at other Viridian holding companies decreased by £0.2m (2013 – increase of £0.9m)

(Under)/over-recovery of regulated entitlement

As noted previously the regulated businesses of Power NI and PPB under-recovered against their regulated entitlement by £2.4m (2013 – under-recovered by £3.6m) and at 31 March 2014 the cumulative under-recovery against regulated entitlement was £19.1m. The under-recovery of regulated entitlement reflects the phasing of tariffs.

Exceptional cash outflows

Exceptional cash outflows of £3.3m (2013 - £1.8m) represent bid costs in relation to the Group's bid for Bord Gais Energy. The 2013 cash outflows consisted of payments made in respect of the RoI carbon revenue levy.

Capital expenditure

Net capital expenditure in respect of tangible fixed assets and intangible software assets increased to £23.5m (2013 - £10.0m). Excluding capital expenditure on renewable wind farm assets, net capital expenditure decreased to £4.2m (2013 - £5.9m). The 2013 net capital expenditure includes a capital contribution received in respect of the Power NI billing system of £0.8m.

Net capital expenditure at Energia Group (excluding capital expenditure on renewable wind farm assets) was flat at £3.4m (2013 - £3.4m) primarily reflecting capital expenditure in respect of the Domestic Market Entry project and the phasing of capital expenditure under the Huntstown plant long term maintenance agreement.

Net capital expenditure at Power NI decreased to £0.1m (2013 - £2.2m) reflecting the reduced expenditure on the new billing system implemented in May 2012.

Net capital expenditure at other Group companies increased to £0.7m (2012 - £0.3m) reflecting expenditure on the upgrade of the SAP accounting system.

Other cash flows

Net interest paid

Net interest paid (excluding premium on redemption of senior secured notes, and exceptional finance costs) decreased to £49.7m (2013 - £56.5m) primarily reflecting the lower interest cost of the senior secured notes as a result of the partial redemption of 9.3% of the original issue amount on 4 June 2013.

Acquisition of subsidiary

Acquisition of subsidiary undertakings of £8.5m (2013 - £nil) represent payments to acquire windfarm development projects during the year.

Dividends

Equity dividends paid were £nil (2013 - £nil). No final dividend for 2013/14 is proposed.

Net debt

The Group's net debt increased by £15.0m from £559.7m at 31 March 2013 to £574.7m at 31 March 2014 primarily reflecting the cash flows noted above and the capitalisation of interest on the subordinated shareholder loan.

Net Debt at 31 March 2014 includes project finance net debt of £13.8m (2013 - £nil). Net debt excluding project financed net debt, was £560.9m (2013 - £559.7m)

Defined benefit pension liability

The pension liability in the Group's defined benefit scheme under IAS 19 reduced to £1.0m at 31 March 2014 (2013 – £1.4m).

The last actuarial valuation of the Viridian Group Pension Scheme (VGPS) was as at 31 March 2012. Under the terms of the recovery plan agreed with the trustees, the Group will make good the £9.9m funding shortfall through annual deficit repair contributions of £1.25m for eight years. The second deficit repair contribution made under the recovery plan was paid on 28 March 2014.

RISK MANAGEMENT AND PRINCIPAL RISKS AND UNCERTAINTIES

The Group operates a structured and disciplined approach to the management of risk. Its approach is to conduct business in a manner which balances costs and risks while taking account of all its stakeholders and protecting the Group's performance and reputation by prudently managing the risks inherent in the businesses. Management regularly identifies and considers the risks to which the businesses are exposed. Management's assessment of the key risks and the associated controls and actions required to mitigate these risks are recorded in business risk registers. Each risk is regularly assessed for the severity of its impact on the business and for the effectiveness of the controls in place. The risk environment is reviewed continually in order to identify new or emerging potential risks.

The Group's Audit Committee plays a key role in internal control and risk management. The Audit Committee monitors the Group's financial reporting processes and the effectiveness of the internal control and risk management systems; reviews and appraises the activities of the internal and external auditors; and provides an open channel of communication among the internal and external auditors, senior management and the Board.

The Group's Risk Management Committee (RMC) comprises a number of senior managers from across the Group and meets bi-monthly to oversee the management of risks and ensure that adequate and timely action is taken to mitigate and manage risk. The RMC reviews individual business and functional risk registers and reports to the Audit Committee on a quarterly basis.

The emphasis on sound management structures and policies and procedures is backed up by operational and financial review mechanisms and an externally resourced internal audit function, provided by PricewaterhouseCoopers LLP.

The directors acknowledge that they have responsibility for the Group's systems of internal control and risk management and monitoring their effectiveness. The purpose of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives, to provide reasonable assurance as to the quality of management information and to maintain proper control over the income, expenditure, assets and liabilities of the Group. No system of control can, however, provide absolute assurance against material misstatement or loss. Accordingly, the directors have regard to those specific controls, which in their judgement, are appropriate to the Group's business given the relative costs and benefits of implementing them.

The principal risks and uncertainties that affect the Group are described below but are not intended to be an exhaustive analysis of all the risks that may arise in the ordinary course of business or otherwise.

Competition in generation and supply of electricity

There is a risk that increased competition in generation and supply will reduce margins. Under the SEM, the system marginal price (SMP) is received by all generators and reflects the marginal cost of the last generating unit called to meet demand. Generators also receive capacity payments for their available capacity. The commissioning of new generating capacity may reduce the SMP and lead to lower capacity payments, subject to the impact of plant retirements and overall levels of demand.

The main competitors in the electricity supply markets in Northern Ireland and the RoI are Electric Ireland, BGE, SSE Airtricity, PrePay Power and Budget Energy.

Wholesale electricity price

All electricity bought and sold across the island of Ireland is traded through the SEM. The Group manages wholesale electricity price risk as follows:

- Gas price exposure is hedged when fixed price customer contracts are signed. Energia also has the ability to hedge against the electricity demand of fixed price contract customers through its contracted wind capacity and a range of market sources of capacity such as CfDs with other market participants and purchases of power over the interconnectors. In some of Energia's customer contracts, the electricity price payable by the customer varies according to the price of gas;

Wholesale electricity price (continued)

- Power NI's price control allows it to pass through the costs of wholesale electricity subject to compliance with its economic purchasing obligation, which it discharges by hedging wholesale electricity prices in line with policies agreed with the Utility Regulator; and

- PPB is entitled to receive additional revenues from PSO charges to the extent that the revenue it receives from the pool, CfDs and ancillary services is insufficient to cover its regulated entitlement.

Huntstown plant and owned windfarm availability

Energia Group runs the risk of interruptions to the availability of Huntstown 1 and 2 and its owned windfarms.

For the Huntstown plants, this risk is managed by having long term maintenance agreements in place with the plants' original manufacturers, Siemens and Mitsubishi. Energia Group operates the plants to the manufacturers' guidelines within a suite of ISO approved operation, maintenance and safety policies and procedures. The plant designs incorporate industry accepted levels of redundancy for critical plant components and there is regular testing of back up services and standby equipment.

The availability of owned windfarms is managed through maintenance contracts with the original turbine manufacturers and third parties.

Health and safety

The Group is committed to ensuring a safe working environment. The risks arising from inadequate management of health and safety matters are the exposure of employees, contractors and third parties to the risk of injury, potential liability and/or loss of reputation. These risks are closely managed by the Group through the use of the services of an external health and safety advisor, the promotion of a strong health and safety culture and well defined health and safety policies. There is a strong focus on the audit of work sites and the reporting and reviewing of near miss incidents. The Group's approach to health and safety issues is described more fully in the CSR Report.

Regulation and legislation

Energia Group is exposed to the impact of regulatory decisions as well as changes in legislation which impact its generation and supply activities. Through its senior management, Energia Group maintains regular interaction with the Utility Regulator, CER, the SEM Committee, DETI and DCENR. A pro-active approach is taken to the RAs' consultations on all SEM-related matters.

Power NI and PPB are exposed to regulatory risk in respect of their price controls. The Group's approach to price control reviews is to be pro-active in promoting arrangements that will lead to an agreed outcome. This includes adherence to relevant precedent and best practice. There is regular reporting to the Utility Regulator and DETI on a wide range of financial and other regulatory matters including licence compliance. PPB is also exposed to regulatory decisions in respect of its contracted generation capacity which could impact its business activities. Regulatory relationships are managed by senior management through frequent meetings, informed dialogue and formal correspondence.

Development of windfarm assets

Through the development of windfarm assets, Energia Group is exposed to various risks including technical, commercial, contractor, planning, financing and economic risks. Such risks could delay the construction of windfarm projects or the commencement of commercial operations. Experienced senior staff operate appropriate project management controls to manage the project risks with appropriate management reporting up to the Viridian Group Board.

Business continuity

The Group has measures in place to manage the risk that one or more of its businesses sustains a greater than necessary financial impact through inability to carry on its operations either for a short or prolonged period. Energia Group has business interruption insurance in place for both Huntstown 1 and 2 and the owned windfarm assets. Each business maintains a business continuity plan and there is an IT disaster recovery plan which covers the whole Group.

Outsourcing

The Group outsources a range of important ICT and business process services from Capita Managed IT Solutions Limited (Capita). Voice and data telecoms services are provided by Eircom through a contract managed by Capita. There is a risk of disruption to the Group if there are service delivery failures. Comprehensive business continuity and disaster recovery plans are maintained to manage this risk.

Social, environmental and ethical factors

The Group has in place measures to protect against financial and reputational risk from any failure to manage social, environmental and ethical (SEE) factors. In general, SEE factors are managed through embedding CSR into the Group's management processes and core business activities. Environmental risk, in particular, is managed through: business risk registers; environmental action plans; certified environmental management systems; and identification of potential environmental exposures.

Taxation

The Group pays taxes primarily in the UK and the RoI (the jurisdictions in which it has trading operations). Good relationships are maintained with HM Revenue & Customs and the Irish Revenue Commissioners based on trust and co-operation. The Group's policy is to manage its tax liabilities in an efficient manner and in compliance with all relevant legislation.

Pensions

The Viridian Group Pension Scheme (2011) (VGPS) has two sections: a money purchase section and a defined benefit section. The defined benefit section is closed to new entrants and at 31 March 2014 comprised 70 members of whom 62 were active members and 8 were pensioners. A further 4 active members will transfer from the Capita Pension and Life Assurance Scheme, effective from 1 April 2014, as part of the insourcing of certain Group application managed services. There is also a money purchase arrangement for employees in the RoI known as 'Choices'. Most employees of the Group are members of VGPS or Choices. There is a risk that the cost of funding the defined benefit section could increase if investment returns are lower than expected, mortality rates improve or salary or benefit increases are higher than expected. The VGPS trustees seek the advice of professional investment managers regarding the scheme's investments.

IT security and data protection

Failure to maintain adequate IT security measures could lead to the loss of data through malicious attack on the Group's IT systems or employee negligence. Loss of Group or customer data could damage the Group's reputation, adversely impact operational performance or lead to a loss of income. The Group actively promotes awareness of IT security and data protection and targeted controls and procedures are in place to mitigate the risks including the use of the services of an IT security and data protection advisor.

Financial control

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

Treasury risks

The Group's treasury function manages liquidity, funding, investment and the Group's financial risk, including risk from volatility in currency, interest rates, commodity prices and counterparty credit risk. The treasury function's objective is to manage risk at optimum cost in line with Group policies and procedures approved by the Board. The treasury function employs a continuous forecasting and monitoring process to manage risk and to ensure that the Group complies with its financial and operating covenants.

An analysis of the Group's net debt is as follows:

At 31 March	2014 £m	2013 £m
Investments	1.4	1.4
Cash and cash equivalents	23.5	48.9
Senior secured notes	(346.5)	(397.1)
Subordinated shareholder loan	(382.9)	(335.6)
Junior bank facility asset	144.8	123.8
Interest accruals	(1.2)	(1.1)
Net debt excluding project finance facilities	(560.9)	(559.7)
Project finance cash	2.8	-
Project finance bank facility (RoI)	(10.8)	-
Project finance bank facility (NI)	(5.8)	-
Net debt	(574.7)	(559.7)

The maturity profile of the Group's loans and borrowings at 31 March 2014 is as follows:

Facility	£m	Maturity
Senior secured notes	(346.5)	April 2017
Subordinated shareholder loan	(382.9)	
Senior revolving credit facility	-	September 2016
Project finance loans facilities	(16.6)	December 2027-2031
Interest accruals	(1.2)	
	(747.2)	

Maturity analysis of loans and other borrowings is:

At 31 March	2014 £m	2013 £m
In one year or less or on demand	(1.6)	(1.1)
In more than one year but less than two years	(1.2)	-
In more than two years but less than five years	(350.1)	(397.1)
In more than five years	(394.3)	(335.6)
	(747.2)	(733.8)

Liquidity and capital resources

The Group is financed through a combination of retained earnings, medium-term bond issuance and both medium term and long term bank facilities. A summary of the Group's net debt is set out above and in note 28. Liquidity, including short term working capital requirements, is managed through committed Senior revolving credit bank facilities together with available cash resources.

Liquidity and capital resources (continued)

During the year, non-recourse project finance facilities of £24.1m were put in place in respect of a wind farm currently under construction in Northern Ireland and €14.4m in respect of a wind farm recently commissioned in the RoI. In May 2014 further non-recourse project finance facilities of £6.8m were put in place in respect of a wind farm in Northern Ireland. It is intended that future wind farm projects will also be financed on a non-recourse basis.

On 4 June 2013, the Group redeemed 9.3% of the €313m Euro and $250m Dollar denominated 5 year Senior secured notes due in April 2017 with €283.9m Euro and $226.8m Dollar remaining in issue at 31 March 2014.

The Group can have significant movements in its liquidity position due to working capital variations such as the movements in commodity prices, the seasonal nature of the business and regulatory under-recoveries. Short term liquidity is reviewed daily by the treasury function and Group cash forecasts, covering a rolling two year period, are reviewed monthly. This monitoring includes reviewing the Net Debt to EBITDA financial covenant, required to be reported quarterly under the Senior revolving credit facility, to ensure sufficient headroom is maintained.

At 31 March 2014, the Group had letters of credit issued out of the Senior revolving credit facility of £108.6m resulting in undrawn committed facilities of £116.4m (2013 - £101.1m). Cash drawings under the Senior revolving credit facility at 31 March 2014 were £nil (2013 - £nil).

During the year the Group has met all required financial covenants in the Senior revolving credit facility and project finance loans.

Interest rate risk

The majority of the Group's borrowings bear interest at fixed rates with its issued Senior secured notes bearing interest at a fixed rate coupon of 11.125% and its subordinated shareholder loan partly bearing a fixed interest rate of 13.5% £222.6m (2013 - £195.0m) and partly non interest bearing £160.3m (2013 - £140.6m).

The Group's only exposure to interest rate risk is in respect of drawings on the Senior revolving credit facility, which were £nil at 31 March 2014 (£nil at 31 March 2013) and to a minor portion of its project financed bank facilities which are based on Libor / Euribor rates but which are largely fixed through the use of interest rate swaps. As a result, at 31 March 2014, 99.4% of the Group's total borrowings were on a fixed rate basis and therefore not subject to any interest rate risk.

At 31 March	**2014** **£m**	2013 £m
Loans and other borrowings fixed/floating analysis:		
Fixed rate debt	**(582.6)**	(593.2)
Variable rate debt	**(4.3)**	-
Non interest bearing	**(160.3)**	(140.6)
	(747.2)	(733.8)

The estimated fair value of the Group's interest rate derivative financial instruments is disclosed in note 25 to the accounts.

Foreign currency risk

The majority of the Dollar denominated Notes have been converted through cross currency swaps into a mixture of the Group's functional currencies of Euro and Sterling. As a result the Group has only retained a small $7.7m currency exposure to Dollars (2013 - $8.5m). After taking into consideration the cross currency swaps, the proportion of the Group's debt denominated in Euro and Sterling respectively, broadly matches the cash generation profile of the Group's Euro and Sterling denominated businesses. As such, Euro-denominated assets on the Group's balance sheet are broadly matched by Euro borrowings.

Energia Group receives income and incurs expenditure in Euro. Energia Group is also exposed to currency movements in respect of its gas and some of its power purchases denominated in Sterling. The Group's policy is to identify foreign exchange exposures with a value equivalent to or greater than £0.5m with the percentage level of hedging dependent on the specific project. Exchange rate exposures are identified, monitored and hedged through the use of financial instruments (mainly forward currency contracts and swap arrangements).

Foreign currency risk (continued)

Power NI is exposed to currency movements in respect of its Euro-denominated CfDs with ESB Power Generation. These exposures are hedged in accordance with a policy agreed with the Utility Regulator.

The estimated fair value of the Group's foreign currency derivative financial instruments is disclosed in note 25 to the accounts.

Commodity risk

Energia Group employs commodity swaps to hedge gas price exposures and forward purchase contracts to hedge its shortfall of CO_2 emission allowances. Energia Group's policy is to hedge its exposure to changes in the price of gas and CO_2 emission allowances in line with retail electricity sales contracts. Under phase 3 of the EU Emissions Trading Scheme, which applies to 31 December 2020, there are no free CO_2 emission allowances and therefore Huntstown 1 and 2 have been liable for 100% of their CO_2 emissions from 1 January 2013.

PPB is exposed to commodity price fluctuations in respect of its generation contracts. These exposures are hedged through the use of commodity swaps and forward purchase contracts in accordance with a policy agreed with the Utility Regulator.

Energia Group, Power NI and PPB enter into CfDs to hedge their exposure to pool price volatility.

The estimated fair value of the Group's commodity derivative financial instruments is disclosed in note 25 to the accounts.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. Provisions are made based on previous experience and identifiable events which indicate a reduction in the recoverability of cash flows. Energia and Power NI are not exposed to major concentrations of credit risk in respect of their trade receivables, with exposure spread over a large number of customers. Energia takes out credit insurance in respect of certain trade receivables. Energia and PPB also receive security from certain suppliers in the form of letters of credit, parent company guarantees or cash collateral.

The Group may be exposed to credit-related loss in the event of non-performance by bank counterparties. The Group manages this credit risk by establishing and monitoring counterparty exposure limits which are adjusted and tightened when necessary. The Group actively manages its banking exposures on a daily basis and cash deposits are placed for periods not exceeding six months to provide maximum flexibility. During the year the Group did not suffer any bank counterparty exposure loss.

Going concern

The Group's business activities, together with principal risk and uncertainties likely to affect its future performance are described above.

The Group's forecasts and projections, taking into account possible changes in trading performance, show that the Group will have adequate financial resources to enable it to continue to trade for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

CORPORATE SOCIAL RESPONSIBILITY REPORT

The Group is committed to operating in a socially, environmentally and ethically responsible manner. It aims to be recognised as transparent and ethical in its dealings and to contribute to the general economic and social well-being and development of the communities in which it operates.

The Group recognises the importance of engaging with a wide range of stakeholders including: its shareholders; customers; employees; the wider community; those tasked with protecting the environment; and suppliers. It does this through many channels including working closely with: industry regulators; consumer representative groups; various environmental bodies; various health and safety bodies; trade unions; business representatives; elected representatives and politicians; contractors; and landlords.

The Group has defined a number of principal CSR themes and priorities relevant to the management of SEE-related risks that may impact upon the short and long term value of the Group. These are classified below under the headings of Workplace, Environment, Marketplace and Community.

Workplace

The Group had 444 employees at 31 March 2014 (2013 – 437) with 351 employees employed in Northern Ireland (2013 – 345) and 93 in the RoI (2013 – 92).

Health and safety

A CSR priority for the Group is to ensure the safety of employees, contractors and the general public through the promotion of a positive health and safety culture and adherence to legislation and recognised safety standards. The Group's health and safety policy aims to promote high standards and is supported by specific safety principles, rules, policies and procedures. Contractors must adhere to the same safety rules and requirements as employees.

The Group health and safety management system is based upon the principles of the Health and Safety Executive guidance 'Managing for Health and Safety' and the Institute of Directors/Health and Safety Commission guidance 'Leading Health and Safety at Work'. In line with best practice, this has been reviewed and revised this year. The Group's approach to employment-related performance, such as safety and sickness absence, is to set targets in line with best practice. The Group regularly engages with relevant organisations including the Health and Safety Executive for Northern Ireland as well as the Health and Safety Authority in the Republic of Ireland. The Group retains the services of an external health and safety consultant who provides advice and recommendations to management on a range of health and safety matters. An audit is carried out on every part of the organisation at least once a year.

During the year there were no reportable incidents or lost time incidents (2013 – none). Formal processes for incident investigation and analysis are in place

KPI	**2014 Number**	2013 Number
LTIR (per 100 employees)	**0**	0

Huntstown 1 and 2 continue to be accredited to OHSAS 18001:2007 for their occupational health and safety management systems.

Employment

The Group is committed to a working environment: in which personal and employment rights are upheld; which ensures equality of opportunity for all employees and job applicants; and which enables employees to realise their maximum potential and to be appropriately challenged and fully engaged in the business, with opportunities for personal development.

Equal opportunities

The Group is pro-active in implementing human resource policies and procedures to ensure compliance with fair employment, sex discrimination, equal pay, disability discrimination, race discrimination, sexual orientation and age discrimination legislation. The Group's equal opportunities policy commits it to providing equality of opportunity for all employees and job applicants and it regularly monitors its actions to promote compliance with legislation and to ensure that it provides equality of opportunity in all its employment practices. Equal opportunity measures and statistics in respect of the relevant businesses are reported formally to the Equality Commission for Northern Ireland.

Disability

It is Group policy to provide people with disabilities equal opportunities for employment, training and career development, having regard to aptitude and ability. Any member of staff who becomes disabled during employment is given assistance and re-training where possible.

Dignity at Work

During the year the Group completed a review of its harassment policy and updated it into a Dignity at work policy. The Dignity at Work policy and procedures underline the Group's commitment to equality and dignity at work for all, and ensure an environment free from bullying and harassment. Training has been undertaken for Dignity at Work Advisers from sites across the business and further update training for all managers will take place in the coming year.

Remuneration

The Group operates fair and visible remuneration policies which are externally benchmarked to ensure that employees are paid an appropriate salary for the work they undertake. The Group seeks to align employee interests with those of other key stakeholders through an effective approach to recognition and reward, based on business and individual performance. Various reward schemes are in place including bonus schemes, excellence awards, reward and recognition bonuses and skills progression arrangements.

Learning and development

The Group aims to align its human resources policies with key business drivers, which include performance improvement; cost reduction; business growth and innovation; and excellence in customer service. These policies are supported by clearly defined values and behaviours, a robust talent and performance management process, a strong commitment to employee and management development and organisational competence built upon appropriate capabilities and skills.

A new Talent Management Programme for the business was launched during the year which included the introduction of a unified Competency Framework which identifies the key values and competencies of the business and how these are expected to be demonstrated by employees at various levels within the business. This Competency Framework underpins the annual Performance and Development Review process, which evaluates the performance of each individual against defined and agreed targets and objectives and how they demonstrate each of the key competencies. This approach has been designed to ensure consistency and transparency in the process.

Learning and development needs are also identified through the Performance and Development Review process to ensure that all employees have a development plan in place which is aligned to their development needs.

The Talent Management Programme also includes Talent Forums for each company within the Group and key functional areas across the business, to ensure that key skills and potential are identified in areas such as leadership, management, scarce skills, areas of specialism etc, and that appropriate succession and development plans are in place. This also provides a consistent and transparent approach, offering a mechanism to develop employees to meet their fullest potential and to plan and manage their careers.

Policies

There are formal employee complaint and grievance procedures and the Group also has a wide range of family-friendly working arrangements including enhanced maternity and paternity provisions, adoption, parental and dependant leave, pre-retirement leave, a child care scheme, career breaks, job sharing and flexible working hours. During the year, the Group was awarded the status of Family Friendly employer of Choice and named as the Best Large Private Sector Employer in Northern Ireland for Family Friendly Working at the Childcare Works Awards, on the basis of the range of family friendly and flexible policies and benefits offered.

During the year the Group continued to review HR policies and procedures and updated these where necessary. This has included the implementation of a Pre-retirement Leave Policy, Parental Leave Policy, Flexible Working policy, Social Media Policy and Dignity at Work Policy & Procedure (as outlined above).

All policies are available to employees via the Group's intranet.

Sickness absence

The Group believes that the pro-active management of illness and absenteeism is to the mutual benefit of the Group and its employees. The sickness absence for the Group was 2.76% in 2013/14. This is a slight decrease compared to 2.98% the previous year.

The Group's Wellbeing Programme continued to operate during the year and received a Commendation from the Chartered Institute of Personnel and Development at their inaugural HR Awards in Northern Ireland. The programme this year has included flu vaccines, financial awareness workshops, mental wellbeing workshops for managers and smoking cessation clinics. External occupational health and counselling services are available for employees if required. The Group is participating in the Britain's Healthiest Company Survey to give employees further insight into their personal key risk factors around health and wellbeing, and to gain understanding of additional actions the Group can take to best support the health and wellbeing of all employees.

Employee participation and external engagement

It has been a key target of the Group to be recognised as a Great Place to Work. In 2013, the Group was listed as one of the top 20 Large Workplaces in Ireland by the Great Place to Work Institute and awarded the status of a Great Place to Work. This was achieved through the results of an employee survey and workplace culture audit, which revealed a Trust Index score of 76. The Group has built on this through the year by putting action plans in place to address some lower scoring areas from the survey and feeding back on the progress of actions to all employees.

Employee communications occur through team briefings, communication and involvement groups, project groups, electronic communications and through interaction, consultation and negotiation with trade unions. Employee relations in all businesses are positive and constructive. There is a well established arrangement for consultation and involvement throughout the Group and for negotiation with the relevant trade unions in Power NI.

The Group engages with relevant external organisations including the CBI Employment Affairs Committee, the Equality Commission for Northern Ireland, the Labour Relations Agency and the Irish Business and Employers' Confederation. The Group also maintains links with the education sector and in particular with the two universities in Northern Ireland. A total of 9 student placements were offered for the current academic year across a range of functions and departments.

Environment

Environmental CSR priorities within the Group are focused on a number of key areas:

- operation of the Huntstown plants in compliance with legal and regulatory requirements and having a robust environmental management system in place;
- direct investment in, and contracting with, a range of renewable generators for the production of low carbon electricity which can be supplied to customers of the Group's retail supply businesses; and
- the promotion of energy-saving ideas to its customers through the provision of energy efficiency advice, grants and other value-added services.

Environment (continued)

The Group's environmental policy commits the Group to protecting the environment and is designed to ensure compliance with all relevant legislative and regulatory requirements.

Where practical and economically viable, the Group seeks to develop standards in excess of such requirements. Areas of particular focus include the responsible management of emissions, waste and recycling, measures to protect against pollution and the promotion of energy efficiency.

Energia Group

Huntstown 1 and 2 operate in compliance with their Integrated Pollution Prevention and Control (IPPC) licences. Emissions of NOx, SO_2 and CO are measured by onsite Continuous Emissions Monitoring Systems, CO_2 is calculated as per greenhouse gas (GHG) permit requirements. Emissions for calendar year 2013 are as set out below:

Tonnes	NO_x	SO_2	CO	CO_2
Huntstown 1	58	1.7	207	124,041*
Huntstown 2	369	4.1	402	650,399*

* Calculated value

Through the operation of their respective IPPC licences, Huntstown 1 and 2 comply with the emission limits for NO_x, SO_2 and dust under the EU's Large Combustion Plant Directive. The emissions from these highly efficient gas-fired plants displace greater emissions from coal and/or oil fired generating stations. The IPPC licences for Huntstown 1 and Huntstown 2 were revised and reissued in 2013.

Huntstown 1 and 2 continue to operate in accordance with the Environmental Management System ISO: 14001.

Energia is a significant contributor to the sustainable energy agenda in both Northern Ireland and the RoI. Its renewable portfolio currently generates 1,711 GWh (RoI 1,244 GWh; NI 467GWh) offsetting the emission of over 823,000 tonnes (2012/13 – 655,000 tonnes) of CO_2 per annum.

Group staff hold positions on all the key committees of the Electricity Association of Ireland (EAI), chairing the NI Group and being project members of the Energy Efficiency Group (RoI). Energia is active on CER's Smart Metering Steering Group and work streams, the Better Energy Workplace Governance Group, Pay As You Save Project, the Eurelectric Energy Efficiency Group and the NI Energy Services Agreement Forum.

In Northern Ireland, through the NISEP Scheme (Northern Ireland Sustainable Energy Programme) approved by the Utility Regulator, Energia managed a £386k (2013 - £311k) energy efficiency programme implementing a total of 82 projects (2013 – 70 projects) with estimated lifetime reductions of 181GWh (2013 – 156GWh) in energy demand. This represents an estimated 129,900 tonnes (2013 – 112,000 tonnes) of CO_2 savings and customer benefits of over £31m (2013 - £27m) over the lifetime of these measures.

Energia continue to pursue new and innovative services aimed at increasing awareness and offering customers energy efficiency solutions. Regular distribution of Energia Extra and Energia Ezines, offering services and products aimed at reducing energy consumption, have a high click thru readership. Energia's online shop offers its customers the opportunity to purchase energy efficient products for their homes and businesses.

Energia continues to run customer information programmes particularly aimed at energy efficiency for all industrial and commercial customers. These programmes include; customer energy conferences, energy efficiency training programmes, energy awareness days, energy audits and energy efficiency literature/brochures.

Energia updated its web site, www.energia.ie, and energy efficiency brochures during the year with improved information; online billing, online energy management bureau, energy efficiency and pricing information.

Power NI

An Energy Services team within Power NI oversees sustainable energy activities and considers business opportunities in this expanding field.

During the year Power NI managed a £6.9m (2013 - £5.2m) energy efficiency programme aimed at reducing CO_2 emissions and alleviating fuel poverty in Northern Ireland. Funded by the NISEP, a total of 10 energy efficiency schemes (2013 – 11 schemes) were implemented with estimated lifetime reductions of 529GWh (2013 – 405GWh) in energy demand. This represents an estimated 295,000 tonnes of CO_2 savings (2013 – 276,000 tonnes) and customer benefits in excess of £72m (2013 - £47m) over the lifetime of these measures.

In addition, through commitments in Power NI's price control, 46.7GWh (2013 – 43.3GWh) of lifetime savings to customers were delivered during the year via investment in energy efficiency measures which equates to over £5.7m (2013 – £5.4m) of customer benefits. Over 9,000 customers (2013 – 10,000 customers) continue to use 'EcoEnergy', Power NI's 'green' electricity tariff.

Power NI continues to encourage the installation of renewable energy and combined heat and power (CHP) systems through its generation tariff which offers customer rewards for the value of ROCs and electricity generated and exported to the network. Over 4,000 customers use this service and Power NI acts as an Ofgem Agent on behalf of more than 3,700 customers.

The 'Saving Energy' section of Power NI's website www.powerni.co.uk provides a wide range of information and advice on energy efficiency and renewable energy. Over 9,300 customers have availed themselves of an online Home Energy Check which provides an indicative home energy rating and recommendations for energy saving measures.

An online billing service is also available from the Power NI website. The service, called Energy Online has over 35,000 customers registered to view their bills, submit their meter readings and view their electricity consumption online.

Power NI provides a comprehensive portfolio of products and value added services for its customers such as home insulation, boiler servicing, boiler replacement, solar water heating, solar photovoltaics, air source heat pumps and wood pellet boilers.

Marketplace

A CSR priority is to maintain a highly ethical approach to regulatory responsibilities, obligations under licences, public positioning and marketing of products and services. The Group aims to be transparent and ethical in all its dealings with third parties and has a number of policies in place to underpin this objective. Policies include anti-corruption and bribery, internal ethical dealing and 'whistleblowing' procedures as well as the Group's corporate governance arrangements.

The Group'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. Where applicable the Group adheres to the required tender procedures of the EU Procurement Directive as it relates to Utilities. The Group recognises the important role that suppliers play in its business, and works to ensure that payments are made to them in accordance with agreed contractual terms.

As a major purchaser, the Group recognises that it has an opportunity to encourage suppliers of materials and services to deliver good environmental and safety performance and to maintain responsible practices towards their employees and the communities in which they operate.

Community

Through its mainstream business activities and its community involvement policy, the Group seeks to make a positive impact on the communities in which it operates.

Power NI launched an updated 'one-stop-shop' Benefit Entitlement Check (BEC) package for Power NI customers in September 2013 which includes a telephone BEC and follow up home visit for particularly vulnerable customers. Since September 2013 there have been over 200 customers referred to the programme. Power NI also offers an online benefit calculator in partnership with Citizens Advice and during the year there were over 300 benefit checks completed via the website.

Community (continued)

Power NI offers a number of services to its customers that are promoted through its codes of practice (produced in several different languages) and through various advice providers, including Citizens Advice Bureaux and Advice NI. Power NI aims to assist its customers with special needs through a number of these services. Over 1,600 customers with special requirements benefit from a range of services through Power NI's customer care register.

The Group recognises the social dimension of debt prevention and management and Power NI continues to offer a wide range of payment options and debt prevention measures. Approximately 199,000 residential customers (2013 – 209,000) use 'Keypad' meters. These pay-as-you-go meters enable customers to budget for their electricity payments, while Power NI offer a 2.5% discount off the standard price of electricity, and provide user-friendly credit and consumption information.

The Power NI community initiative, 'Quest', continued during the year with six community groups across Northern Ireland competing to complete a 10 step energy saving race. At the end of March 2014, four groups had successfully progressed to stage 5 of the competition.

Power NI engages with a wide range of organisations in the voluntary, public and private sectors focusing on social action and CO_2 reduction. During the year this included playing an active role in the Department of Social Development's Fuel Poverty Advisory Group.

Energia encourages community involvement projects around its wind farm sites and in April 2013 made the first payments from the Irish Infrastructure and Energia Community Fund (Crighshane and Church Hill wind farms). This fund was established in recognition of the community support for the development of the wind farms in Killeter, County Tyrone and is managed by the Community Foundation for Northern Ireland. Grants awarded during the year totalled £50,600.

Sponsorship and charitable donations

In addition to sponsorship of organisations of £230,000 (2013 - £55,000), the Group's donations to charities in the year were £36,000 (2013 - £18,000). There were no contributions for political purposes.

The Group operates a 'Helping Hands in the Community' Scheme which is available for all employees to obtain support of up to £250 for an organisation/charity that they are involved with.

Directors

The directors of the Company who held office during the period were as follows:

Salah Al-Shaikh
Mohammed Chowdhury
Essa Zainal
Martin Tan (appointed 31 March 2014)
Thorsten Johnsen (appointed 31 March 2014)

Henry Thompson resigned as a director of the Company with effect from 31 March 2014.

The Directors' Report, as set out on pages 4 to 34 has been approved by the Board and signed on its behalf by:

Essa Zainal

Director

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Boundary Hall
Cricket Square
PO Box 1111
Grand Cayman
KY1-1102
Cayman Islands

Registered Number: 192375

8 September 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the revised Group financial statements and have elected to prepare those accounts in accordance with IFRS as adopted by the EU and applicable law.

Accordingly, the directors are required to prepare Group financial statements which give a true and fair view of the financial position, the financial performance and cash flows of the Group and, in preparing the revised Group financial statements, to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the EU is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- state whether the revised Group financial statements have been prepared in accordance with IFRS as adopted by the EU.

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

INDEPENDENT AUDITORS' REPORT
To the members of Viridian Group Investments Limited

We have audited the revised Group financial statements of Viridian Group Investments Limited for the year ended 31 March 2014 approved on 8 September 2014 which comprise the Consolidated Income Statement, Consolidated Statement of Other Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes 1 to 33 (the 'Revised Group Financial Statements'). The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRS) as adopted by the European Union.

These Revised Group Financial Statements have been prepared under the accounting policies set out therein and replace the original Group financial statements approved by the directors on 28 May 2014 (the 'Original Group Financial Statements') as well as the 1st revised Group financial statements (the '1st Revised Group Financial Statements') approved by the directors on 24 July 2014. The Revised Group Financial Statements do not take account of events which have taken place after the date on which the Original Group Financial Statements were approved.

This report is made solely to the Company's members as a body in accordance with our engagement letter dated 6 May 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required under International Standards on Auditing (UK and Ireland) to state to them in an auditors' 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'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 Statement of Directors' Responsibilities set out on page 35 the Company's directors are responsible for the preparation of the Revised Group Financial Statements 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 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 financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements 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 financial statements. In addition, we read all the financial and non-financial information in the Strategic and Directors' Report to identify material inconsistencies with the audited financial statements 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

In our opinion the Revised Group Financial Statements:

- give a true and fair view, seen as at the date the Original Group Financial Statements were approved, of the state of the Group's affairs as at 31 March 2014 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRS as adopted by the European Union.

Emphasis of matter – revision of the Group deferred tax liability, deferred tax charge, finance costs, other comprehensive loss, non-current financial liabilities and foreign currency translation reserves

In forming our opinion on the Revised Group Financial Statements, which is not qualified, we have considered the adequacy of the disclosures made in note 2 to these Revised Group Financial Statements concerning the need to revise on 24 July 2014 the deferred tax liability and deferred tax charge in the year ended 31 March 2014 (the revision incorporated into the 1st Revised Group Financial Statements) as well as the revision on 8 September 2014, in relation to finance costs, other comprehensive loss, non-current financial liabilities and foreign currency translation reserves in each of the years ended 31 March 2012, 2013 and 2014. The Original Group Financial Statements were approved on 28 May 2014 and our report thereon was signed on that date. We have not performed a subsequent events review for the period from the date of our previous report to the date of this report, and accordingly do not take account of events which have taken place after the date on which the Original Group Financial Statements were approved.

Ernst & Young LLP
Belfast

9 September 2014

The maintenance and integrity of the Viridian Group 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 revised Group financial statements since they were initially presented on the web site.

CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2014

Continuing operations	Notes	Results before exceptional items and certain remeasurements 2014 £m	Exceptional items and certain re-measurements (note 6) 2014 £m	Total 2014 £m	Results before exceptional items and certain re-measurements 2013 £m	Exceptional items and certain re-measurements (note 6) 2013 £m	Total 2013 £m	Results before exceptional items certain re-measurements 2012 £m	Exceptional items and certain re-measurements (note 6) 2012 £m	Total 2012 £m
Revenue	4	1,600.0	-	1,600.0	1,603.7	-	1,603.7	1,731.0	-	1,731.0
Operating costs	5	(1,524.5)	(37.1)	(1,561.6)	(1,526.4)	(2.3)	(1,528.7)	(1,656.2)	(10.6)	(1,666.8)
Operating profit/ (loss)	4	75.5	(37.1)	38.4	77.3	(2.3)	75.0	74.8	(10.6)	64.2
Finance costs	9	(96.2)	(13.2)	(109.4)	(107.3)	9.9	(97.4)	(58.4)	(41.8)	(100.2)
Finance income	9	25.6	-	25.6	22.9	-	22.9	7.5	-	7.5
Net finance cost		(70.6)	(13.2)	(83.8)	(84.4)	9.9	(74.5)	(50.9)	(41.8)	(92.7)
Profit on disposal of continuing operations		-	1.6	1.6	-	0.4	0.4	-	11.0	11.0
Share of loss in associates	14	(0.4)	-	(0.4)	(0.9)	-	(0.9)	-	-	-
Profit/(loss) before tax		4.5	(48.7)	(44.2)	(8.0)	8.0	-	23.9	(41.4)	(17.5)
Taxation	10	3.2	4.2	7.4	9.1	0.2	9.3	(8.5)	6.2	(2.3)
(Loss)/ profit for the year		7.7	(44.5)	(36.8)	1.1	8.2	9.3	15.4	(35.2)	(19.8)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2014

	Notes	2014 £m	2013 £m	2012 £m
(Loss)/ profit for the year		**(36.8)**	9.3	(19.8)
Other comprehensive income/(loss)				
Items that will be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		**7.2**	(4.7)	17.2
Net (loss)/ gain on net investment hedge	9	**(8.7)**	4.2	(14.5)
Net (loss)/gain on cash flow hedges		**(13.8)**	1.7	(34.2)
Transferred loss/(gain) from equity to income statement on cash flow hedges		**7.8**	(3.5)	13.4
Share of associates net gain/(loss) on cash flow hedges		**0.8**	(2.1)	-
Income tax effect		**1.2**	(0.4)	4.9
		(4.0)	(4.3)	(15.9)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(5.5)**	(4.8)	(13.2)
Items that will not be reclassified to profit or loss :				
Remeasurement loss on defined benefit scheme	23	**(1.2)**	(2.0)	(0.4)
Income tax effect		**0.2**	0.3	0.1
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**(1.0)**	(1.7)	(0.3)
Other comprehensive loss for the year, net of taxation		**(6.5)**	(6.5)	(13.5)
Total comprehensive (loss)/income for the year		**(43.3)**	2.8	(33.3)

CONSOLIDATED BALANCE SHEET
as at 31 March 2014

	Notes	31 March 2014	31 March 2013	31 March 2012	1 April 2011
ASSETS		£m	£m	£m	£m
Non-current assets:					
Property, plant and equipment	11	**271.9**	301.5	301.6	402.5
Intangible assets	12	**499.7**	493.8	502.2	518.1
Investment in associates	14	**7.9**	8.1	-	-
Derivative financial instruments	25	**0.5**	0.8	0.1	3.4
Other non-current financial assets	17	**145.4**	124.5	100.6	117.5
Deferred tax assets	10	**16.2**	13.5	4.1	4.8
		941.6	942.2	908.6	1,046.3
Current assets:					
Inventories		**5.1**	5.1	9.8	10.5
Trade and other receivables	18	**180.7**	199.1	173.5	212.1
Derivative financial instruments	25	**8.2**	9.8	6.8	37.9
Other current financial assets	17	**3.8**	4.9	39.5	5.2
Cash and cash equivalents	19	**26.3**	48.9	34.1	58.4
		224.1	267.8	263.7	324.1
TOTAL ASSETS		**1,165.7**	1,210.0	1,172.3	1,370.4
LIABILITIES					
Current liabilities:					
Trade and other payables	20	**(236.6)**	(267.1)	(247.1)	(269.5)
Income tax payable		**(3.8)**	(4.1)	(6.3)	(7.1)
Financial liabilities	21	**(3.8)**	(1.1)	(58.4)	(904.1)
Derivative financial instruments	25	**(19.5)**	(9.8)	(5.4)	(23.4)
Deferred income	22	**(0.3)**	(0.2)	-	-
		(264.0)	(282.3)	(317.2)	(1,204.1)
Non-current liabilities:					
Financial liabilities	21	**(745.6)**	(732.7)	(712.9)	(33.5)
Derivative financial instruments	25	**(12.9)**	(1.6)	(8.6)	(23.2)
Deferred income	22	**(0.6)**	(1.0)	-	(0.2)
Net employee defined benefit liabilities	23	**(1.0)**	(1.4)	(0.5)	(1.1)
Deferred tax liabilities	10	**(13.6)**	(19.5)	(17.4)	(22.7)
Provisions	24	**(11.3)**	(11.5)	(10.7)	(10.3)
		(785.0)	(767.7)	(750.1)	(91.0)
TOTAL LIABILITIES		**(1,049.0)**	(1,050.0)	(1,067.3)	(1,295.1)
NET ASSETS		**116.7**	160.0	105.0	75.3
Equity					
Share capital	26	**-**	-	-	-
Share premium		**510.0**	510.0	510.0	510.0
Retained earnings		**(503.2)**	(465.4)	(473.0)	(452.9)
Capital contribution reserve		**115.2**	115.2	63.0	-
Hedge reserve		**(6.0)**	(2.0)	2.3	18.2
Foreign currency translation reserve		**0.7**	2.2	2.7	-
TOTAL EQUITY		**116.7**	160.0	105.0	75.3

The accounts were approved by the Board of directors and authorised for issue on 8 September 2014. They were signed on its behalf by:
Essa Zainal, Director
Date: 8 September 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2014

	Share capital £m	Share premium £m	Retained earnings £m	Capital contribution reserve £m	Hedge reserve £m	Foreign currency translation reserve £m	Total equity £m
As at 1 April 2011	**-**	**510.0**	**(452.9)**	**-**	**18.2**	**-**	**75.3**
Loss for the year	-	-	(19.8)	-	-	-	(19.8)
Other comprehensive (loss)/ income	-	-	(0.3)	-	(15.9)	2.7	(13.5)
Total comprehensive (loss)/income	-	-	*(20.1)*	-	*(15.9)*	*2.7*	*(33.3)*
Capital contribution	-	-	-	299.9	-	-	299.9
Capital distribution	-	-	-	(236.9)	-	-	(236.9)
At 31 March 2012	**-**	**510.0**	**(473.0)**	**63.0**	**2.3**	**2.7**	**105.0**
Profit for the year	-	-	9.3	-	-	-	9.3
Other comprehensive loss	-	-	(1.7)	-	(4.3)	(0.5)	(6.5)
Total comprehensive income/(loss)	-	-	*7.6*	-	*(4.3)*	*(0.5)*	*2.8*
Capital contribution	-	-	-	125.5	-	-	125.5
Capital distribution	-	-	-	(73.3)	-	-	(73.3)
At 31 March 2013	**-**	**510.0**	**(465.4)**	**115.2**	**(2.0)**	**2.2**	**160.0**
Loss for the year	-	-	(36.8)	-	-	-	(36.8)
Other comprehensive loss	-	-	(1.0)	-	(4.0)	(1.5)	(6.5)
Total comprehensive loss	-	-	*(37.8)*	-	*(4.0)*	*(1.5)*	*(43.3)*
At 31 March 2014	**-**	**510.0**	**(503.2)**	**115.2**	**(6.0)**	**0.7**	**116.7**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2014

	Notes	2014 £m	2013 £m	2012 £m
Cash generated from operations before working capital movements	27	**91.8**	102.3	89.0
Working capital adjustments:				
(Increase)/decrease in inventories		**-**	(0.4)	0.7
Decrease/(increase) in trade and other receivables		**15.4**	(26.2)	32.8
Decrease/(increase) in security deposits		**1.1**	35.6	(34.3)
Increase/(decrease) in trade and other payables		**(25.5)**	30.6	(10.9)
Effects of foreign exchange		**(0.2)**	0.5	1.8
		82.6	142.4	79.1
Interest received		**0.7**	0.4	4.1
Interest paid		**(50.4)**	(56.9)	(55.6)
Exceptional finance costs		**(0.6)**	(0.7)	(57.2)
Note redemption premium		**(1.2)**	-	-
		(51.5)	(57.2)	(108.7)
Income tax paid		**(0.1)**	(0.3)	(0.8)
Net cash flows from/(used in) operating activities		**31.0**	84.9	(30.4)
Investing activities				
Purchase of property, plant and equipment		**(21.8)**	(6.6)	(43.7)
Contributions in respect of tangible fixed assets		**0.7**	0.8	-
Purchase of intangible assets		**(21.8)**	(28.4)	(30.1)
Proceeds from sale of intangible assets		**20.5**	24.5	24.1
Disposal of subsidiary, net of cash disposed		**(0.3)**	(1.7)	(22.1)
Dividends received from associates		**0.8**	-	-
Interest received from associates		**0.6**	-	-
Increase in other financial assets		**-**	(0.1)	-
Acquisition of subsidiary	15	**(8.5)**	-	-
Net cash flows used in investing activities		**(29.8)**	(11.5)	(71.8)
Financing activities				
Proceeds from issue of borrowings		**18.4**	-	569.0
Repayment of borrowings		**(39.8)**	(55.0)	(466.4)
Issue costs of new long term loans		**(1.6)**	(4.0)	(22.0)
Net cash flows (used in)/ from financing activities		**(23.0)**	(59.0)	80.6
Net (decrease)/increase in cash and cash equivalents		**(21.8)**	14.4	(21.6)
Net foreign exchange difference		**(0.8)**	0.4	(2.7)
Cash and cash equivalents at 1 April	19	**48.9**	34.1	58.4
Cash and cash equivalents at 31 March	19	**26.3**	48.9	34.1

NOTES TO THE REVISED CONSOLIDATED FINANCIAL STATEMENTS
as at 31 March 2014

1. CORPORATE INFORMATION

The revised consolidated financial statements of Viridian Group Investments Limited and its subsidiaries (collectively, the Group) for the year ended 31 March 2014 were authorised for issue in accordance with a resolution of the directors on 8 September 2014. Viridian Group Investments Limited (the Company or the parent) is a limited company incorporated and domiciled in Cayman Islands. The registered office is located at Paget Brown Trust Company Limited, Boundary Hall, Cricket Square, PO Box 1111, Grand Cayman, KY1-1102, Cayman Islands. The Group's operations and its principal activities are set out earlier in the Report on pages 4 to 16.

2.1 BASIS OF PREPARATION

The revised consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) as they apply to the financial statements of the Group for the year ended 31 March 2014.

For all periods up to and including the year ended 31 March 2013, the Group prepared its financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). These revised financial statements for the year ended 31 March 2014 are the first the Group has prepared in accordance with IFRS. Refer to Note 33 for information on how the Group adopted IFRS.

The revised consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, contingent consideration arising on business combinations and the assets of the Group's pension schemes that have been measured at fair value and the liabilities of the Group's pension schemes that are measured using the projected unit credit valuation method. The revised consolidated financial statements are presented in Sterling (£) with all values rounded to the nearest £m except where otherwise indicated.

The revised consolidated financial statements provide comparative information in respect of the previous two financial years.

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities will become effective in the European Union for annual periods beginning on or after 1 January 2014, however, early adoption is permitted. The Group has early adopted IFRS 10, IFRS 11 and IFRS 12 in accordance with the rules on application set out by the IASB. The new standards are to be applied retrospectively.

Revision of the Group financial statements

The original financial statements of the Group, for the year ended 31 March 2014, were approved on 28 May 2014 (the 'Original Group Financial Statements').

After this approval date, it was found that the tax effect of the impairment charge taken against property, plant and equipment in the year ended 31 March 2014 had been accounted for incorrectly. The impairment charge has been treated as if it were non-deductible rather than as a temporary difference and as a result the original financial statements did not recognise a deferred tax credit of £3.7m. This error was considered to be material and the directors revised the financial statements of the Group to reflect the correct tax treatment. The revised financial statements were approved on 24 July 2014 (the '1st Revised Group Financial Statements').

Subsequent to this revision it was found that, on conversion of the Group's financial statements from UK GAAP to IFRS, certain tranches of the USD denominated Senior secured notes ("the USD notes") had incorrectly continued to be measured at the cross currency swap rates used for translation under UK GAAP. The liability for these USD notes should have been translated at the spot rate of exchange at each of the reporting dates of 31 March 2012, 31 March 2013 and 31 March 2014 with the resulting exchange differences recognised in profit or loss. Further, exchange gain or losses arising on a tranche of the USD notes had incorrectly continued to be treated as part of the hedge of the Group's net investment of a foreign operation and hence recognised within other comprehensive income rather than in profit or loss. The amounts concerned in relation to each of these matters are as follows:

2.1 BASIS OF PREPARATION (continued)

Revision of the Group financial statements (continued)

	2014 £m	2013 £m	2012 £m
Retranslation gain/(loss) to be recognised within profit or loss	12.6	(7.4)	2.8
Net investment hedge gains/(losses) to be reclassified to profit or loss	1.1	(0.8)	0.3
Amount of (decrease)/increase in financial liability	(8.0)	4.6	(2.8)

Given the significance of the amounts involved this necessitated the directors to prepare a further set of revised accounts which were approved on 8 September 2014 (the 'Revised Group Financial Statements').

The Revised Group Financial Statements have not been revised to take account of any other events which have taken place after the date on which the Original Group Financial Statements were approved.

Extracts from the Original Group Financial Statements and Revised Group Financial Statements are shown below to show the beneficial impact of the recognition of the £3.7m deferred tax credit, the retranslation of the USD denominated Senior secured notes at the spot rate of exchange and the recognition of exchange gains or losses in profit or loss rather than in other comprehensive income on all financial statement line items affected.

2.1 BASIS OF PREPARATION (continued)

Revision of the Group financial statements (continued)

CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2014

	Original Group Financial statements			Revised Group Financial Statements		
	Results before exceptional items and certain re-measurements 2014 £m	Exceptional items and certain re-measurements (note 6) 2014 £m	Total 2014 £m	Results before exceptional items and certain re-measurements 2014 £m	Exceptional items and certain re-measurements (note 6) 2014 £m	Total 2014 £m
Finance costs	(109.9)	(13.2)	(123.1)	(96.2)	(13.2)	(109.4)
Net finance costs	(84.3)	(13.2)	(97.5)	(70.6)	(13.2)	(83.8)
(Loss)/profit before tax	(9.2)	(48.7)	(57.9)	4.5	(48.7)	(44.2)
Taxation	3.2	0.5	3.7	3.2	4.2	7.4
(Loss)/profit for the year	(6.0)	(48.2)	(54.2)	7.7	(44.5)	(36.8)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2014

	Original Group Financial Statements £m	Revised Group Financial Statements £m
Loss for the year	(54.2)	(36.8)
Net loss on net investment hedge	(7.6)	(8.7)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(4.4)	(5.5)
Other comprehensive loss for the year	(5.4)	(6.5)
Total comprehensive loss for the year	(59.6)	(43.3)

CONSOLIDATED BALANCE SHEET
as at 31 March 2014

	Original Group Financial Statements £m	Revised Group Financial Statements £m
Non-current liabilities		
Financial liabilities	(753.6)	(745.6)
Deferred tax liabilities	(17.3)	(13.6)
Total non-current liabilities	(796.7)	(785.0)
Total liabilities	(1,060.7)	(1,049.0)
Net assets	105.0	116.7
Equity		
Retained earnings	(515.5)	(503.2)
Foreign currency translation reserve	1.3	0.7
Total equity	105.0	116.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2014

	Original Group Financial Statements			Revised Group Financial Statements		
	Retained earnings £m	Foreign currency translation reserve £m	Total equity £m	Retained earnings £m	Foreign currency translation reserve £m	Total equity £m
Total as at 31 March 2013	(460.3)	1.7	164.6	(465.4)	2.2	160.0
Loss for the year ended 31 March 2014	(54.2)	-	(54.2)	(36.8)	-	(36.8)
Other comprehensive loss	(1.0)	(0.4)	(5.4)	(1.0)	(1.5)	(6.5)
Total as at 31 March 2014	(515.5)	1.3	105.0	(503.2)	0.7	116.7

2.1 BASIS OF PREPARATION (continued)

Revision of the Group financial statements (continued)

CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2013

	Original Group Financial Statements			Revised Group Financial Statements		
	Results before exceptional items and certain re-measurements 2013 £m	**Exceptional items and certain re-measurements (note 6) 2013 £m**	**Total 2013 £m**	**Results before exceptional items and certain re-measurements 2013 £m**	**Exceptional items and certain re-measurements (note 6) 2013 £m**	**Total 2013 £m**
Finance costs	(99.1)	9.9	(89.2)	(107.3)	9.9	(97.4)
Net finance costs	(76.2)	9.9	(66.3)	(84.4)	9.9	(74.5)
Profit/(loss) before tax	0.2	8.0	8.2	(8.0)	8.0	-
Profit for the year	9.3	8.2	17.5	1.1	8.2	9.3

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2013

	Original Group Financial statements £m	**Revised Group Financial Statements £m**
Profit for the year	17.5	9.3
Net gain on net investment hedge	3.4	4.2
Net other comprehensive loss to be reclassified to profit of loss in subsequent periods	(5.6)	(4.8)
Other comprehensive loss	(7.3)	(6.5)
Total comprehensive income for the year	10.2	2.8

CONSOLIDATED BALANCE SHEET
as at 31 March 2013

	Original Group Financial Statements £m	**Revised Group Financial Statements £m**
Non-current liabilities		
Financial liabilities	(728.1)	(732.7)
Total non-current liabilities	(763.1)	(767.7)
Total liabilities	(1,045.4)	(1,050.0)
Net assets	164.6	160.0
Equity		
Retained earnings	(460.3)	(465.4)
Foreign currency translation reserve	1.7	2.2
Total equity	164.6	160.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2013

	Original Group Financial Statements			Revised Group Financial statements		
	Retained earnings £m	**Foreign currency translation reserve £m**	**Total equity £m**	**Retained earnings £m**	**Foreign currency translation reserve £m**	**Total equity £m**
Total as at 31 March 2012	(476.1)	3.0	102.2	(473.0)	2.7	105.0
Profit for the year ended 31 March 2013	17.5	-	17.5	9.3	-	9.3
Other comprehensive loss	(1.7)	(1.3)	(7.3)	(1.7)	(0.5)	(6.5)
Total as at 31 March 2013	(460.3)	1.7	164.6	(465.4)	2.2	160.0

NOTES TO THE REVISED CONSOLIDATED FINANCIAL STATEMENTS
as at 31 March 2014 (continued)

2.1 BASIS OF PREPARATION (continued)

Revision of the Group financial statements (continued)

CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2012

	Original Group Financial Statements			Revised Group Financial Statements		
	Results before exceptional items and certain re-measurements 2012 £m	Exceptional items and certain re-measurements (note 6) 2012 £m	Total 2012 £m	Results before exceptional items and certain re-measurements 2012 £m	Exceptional items and certain re-measurements (note 6) 2012 £m	Total 2012 £m
Finance costs	(61.5)	(41.8)	(103.3)	(58.4)	(41.8)	(100.2)
Net finance costs	(54.0)	(41.8)	(95.8)	(50.9)	(41.8)	(92.7)
Profit/(loss) before tax	20.8	(41.4)	(20.6)	23.9	(41.4)	(17.5)
Profit/(loss) for the year	12.3	(35.2)	(22.9)	15.4	(35.2)	(19.8)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2012

	Original Group Financial Statements £m	Revised Group Financial Statements £m
Loss for the year	(22.9)	(19.8)
Net loss on net investment hedge	(14.2)	(14.5)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(12.9)	(13.2)
Other comprehensive loss	(13.2)	(13.5)
Total comprehensive loss for the year	(36.1)	(33.3)

CONSOLIDATED BALANCE SHEET
as at 31 March 2012

	Original Group Financial Statements £m	Revised Group Financial Statements £m
Non-current liabilities		
Financial liabilities	(715.7)	(712.9)
Total non-current liabilities	(752.9)	(750.1)
Total liabilities	(1,070.1)	(1,067.3)
Net assets	102.2	105.0
Equity		
Retained earnings	(476.1)	(473.0)
Foreign currency translation reserve	3.0	2.7
Total equity	102.2	105.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2012

	Original Group Financial Statements			Revised Group Financial Statements		
	Retained earnings £m	Foreign currency translation reserve £m	Total equity £m	Retained earnings £m	Foreign currency translation reserve £m	Total equity £m
Loss for the year ended 31 March 2012	(22.9)	-	(22.9)	(19.8)	-	(19.8)
Other comprehensive (loss)/profit	(0.3)	3.0	(13.2)	(0.3)	2.7	(13.5)
Total as at 31 March 2012	(476.1)	3.0	102.2	(473.0)	2.7	105.0

2.2 BASIS OF CONSOLIDATION

The revised consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of (i) the consideration transferred and measured at acquisition date fair value, and (ii) the amount of any non-controlling interests in the acquiree.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. If a subsidiary is subsequently sold any goodwill arising on acquisition which has not been impaired is taken into account in determining the profit or loss on sale.

(b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group’s investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Income Statement reflects the Group’s share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group’s other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group’s share of profit or loss of an associate is shown on the face of the Income Statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Investment in associates (continued)

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as ‘Share of profit of an associate’ in the Income Statement.

(c) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in a normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in a normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(d) Fair value measurement

The Group measures financial instruments, such as, derivatives, at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Fair value measurement (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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; or
- level 3 — valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between. Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(e) Revenue recognition

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

The specific recognition criteria described below must also be met before revenue is recognised.

Energy supply
Revenue is recognised on the basis of energy supplied during the period. Revenue for energy supply includes an assessment of energy supplied to customers between the date of the last meter reading and the balance sheet date, estimated using historical consumption patterns.

Energy generation
Two key revenue streams are received by the Huntstown plant and PPB. Capacity revenue is recognised based upon the capacity (MW) provided to the Single Electricity Market (SEM) for the period. Energy revenue is recognized based upon electricity units generated during the period at market price, including an allowance for any anticipated resettlement within the SEM. Units are based on energy volumes recorded by the Single Electricity Market Operator (SEMO) and these units are reconciled to the units recorded on the plant systems to ensure accuracy.

Interest income
For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividend income
Dividend income is recognised on the date the Group's right to receive the payments is established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Taxation

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

Tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes both items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax payable or recoverable on differences between the carrying amount of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is not recognised in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold land is not depreciated. Other tangible fixed assets are depreciated on a straight-line basis so as to write off the cost, less estimated residual value, over their estimated useful economic lives as follows:

Generation assets – 12 to 30 years
Fixtures and equipment - up to 25 years
Vehicles and mobile plant - up to 5 years

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Emissions allowances and renewable obligations
The Group recognises the allocation of CO_2 emissions allowances from government or a similar body at £nil value. Purchased CO_2 emissions allowances, renewable obligation certificates (ROCs) and levy exemption certificates (LECs) are initially recognised at cost (purchase price) within intangible assets and subsequently written down to their recoverable amount at the balance sheet date should this be less than the purchase price. No amortisation is recorded during the period as the intangible asset is surrendered at the end of the compliance period reflecting the consumption of economic benefit.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangible assets (continued)

The Group recognises liabilities in respect of its obligations to deliver emissions allowances to the extent that the allowances to be delivered exceed the level of allocation under the EU emissions trading scheme. Any liabilities recognised are measured based on the current estimates of the amounts that will be required to satisfy the obligation. A liability for the renewables obligation and the climate change levy is recognised based on the level of electricity supplied to customers.

Computer software
The cost of acquiring computer software is capitalised and amortised on a straight-line basis over the directors' estimate of its useful economic life which is between three and ten years. The carrying value of computer software is reviewed for impairment where events or changes in circumstances indicate that the carrying value may not be recoverable.

Development assets
Development assets arising from business combinations relate to value arising from the development of renewable projects which the Group believes will generate future economic benefits. Development assets are amortised from the date of commissioning of the renewable asset over its useful economic life which is twenty years.

At a point the project is no longer expected to reach construction the carrying amount of the project is impaired.

(i) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement
For purposes of subsequent measurement financial assets are classified in four categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; or
- available-for-sale financial investments.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments – initial recognition and subsequent measurement (continued)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in other operating charges for receivables.

This category generally applies to trade and other receivables. Trade receivables do not carry any interest and are recognised and carried at the lower of their original invoiced value and recoverable amount.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- the rights to receive cash flows from the asset has expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments – initial recognition and subsequent measurement (continued)

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

This category generally applies to interest-bearing loans and borrowings. This category also applies to trade and other payables which are not interest bearing and stated at their nominal amount.

Interest free loans receivable from or payable to the parent undertaking are recognised at fair value on initial recognition based on the market rate of interest for similar loans at the date of issue. In case of loans received from a parent undertaking the difference on initial recognition between the fair value and the loan amount is recorded as a capital contribution in equity. The difference arising between the amount of a loan made to a parent undertaking and its fair value is treated as a distribution to the parent and reflected within equity. Subsequently, an interest expense or receivable is recognised within the income statement using the effective interest method so that each loan is stated at the amount repayable or receivable at the redemption date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments – initial recognition and subsequent measurement (continued)

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(j) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement
The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, contracts for differences and forward commodity contracts, to hedge its foreign currency risks, interest rate risks, electricity price risk and other commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under IAS 39 are recognised in the income statement as operating costs. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for cash flow hedge accounting are accounted for, as described below:

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement in operating expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Derivative financial instruments and hedge accounting (continued)

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency and commodity contracts is recognised in operating costs.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Hedges of a net investment
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss. The Group uses a loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

(k) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in expense categories consistent with the function of the impaired asset. The following assets have specific characteristics for impairment testing:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of non-financial assets (continued)

Goodwill
Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term bank deposits with a maturity of less than three months.

(m) Provisions

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

Decommissioning liability
Provision is made for estimated decommissioning costs at the end of the estimated useful lives of generation assets on a discounted basis based on price levels and technology at the balance sheet date. Changes in these estimates and changes to the discount rates are added to or deducted from the capitalised cost of the asset to which they relate. Capitalised decommissioning costs are depreciated over the estimated useful lives of the related assets. The unwinding of the discount is included within finance costs.

(n) Exceptional items and certain remeasurements

As permitted by IAS1 Presentation of Financial statements, the Group has disclosed additional information in respect of exceptional items on the face of the income statement to aid understanding of the Group's financial performance. An item is treated as exceptional if it is considered unusual by nature and scale and of such significance that separate disclosure is required for the financial statements to be properly understood. "Certain remeasurements" are remeasurements arising on certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships, and which are accounted for as held for trading in accordance with the Group's policy for such financial instruments. This excludes commodity contracts not treated as financial instruments under IAS 39 where held for the Group's own use requirements. Certain remeasurements arising from IAS 39 are disclosed separately to aid understanding of the underlying performance of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Pensions and other post-employment benefits

The Group has both defined benefit and defined contribution pension arrangements. The amount recognised in the balance sheet in respect of liabilities represents the present value of the obligations offset by the fair value of assets.

The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method.

Pension remeasurements, comprising of actuarial gains and losses, excluding net interest, and the return on plan assets (excluding net interest), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Pension remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under operating costs in the consolidated statement of profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

Pension costs in respect of defined contribution arrangements are charged to the profit and loss account as they become payable.

(p) Inventories

Inventories are valued at the lower of average purchase price and net realisable value.

(q) Borrowing costs

Borrowing costs directly attributable to qualifying assets are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

(r) Operating lease contracts

Leases are classified as operating lease contracts whenever the terms of the lease do not transfer substantially all the risks and benefits of ownership to the lessee.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Foreign currency translation

The Group's revised consolidated financial statements are presented in sterling, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

On consolidation, the assets and liabilities of foreign operations are translated into sterling at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Significant accounting judgements, estimates and assumptions

The preparation of the Group's revised consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the amounts reported for revenues and operating costs during the year. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following key judgements and estimations of uncertainty, which have the most significant effect on the amounts recognised in the revised consolidated financial statements.

Revenue recognition
Revenue on energy sales include an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the year end. This will have been estimated by using historical consumption patterns. At the balance sheet date, the estimated consumption by customers will either have been billed or accrued (estimated unbilled revenue). Management apply judgement to the measurement of the quantum and valuation of the estimated consumption. The judgements applied and the assumptions underpinning these judgements are considered to be appropriate. However a change in these assumptions would impact upon the amount of revenue recognised. Revenue recognised in the period has been outlined in note 4.

Impairment testing
The Group reviews the carrying amounts of its goodwill, other intangible assets and property, plant and equipment to determine whether there is any indication that the value of those assets is impaired. This requires an estimation of the value in use of the CGUs to which the assets are allocated which includes the estimation of future cash flows and the application of a suitable discount rate. Subsequent changes to these estimates or judgements may impact the carrying value of the assets within the respective CGUs. Impairment testing has been outlined in note 13.

Business combinations
Business combinations require a fair value exercise to be undertaken to allocate the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based to a considerable extent on management's judgement. The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of this purchase price to the identifiable assets and liabilities with any unallocated portion being recorded as goodwill. Business combinations have been outlined in note 15.

Pensions and other post-employment benefits
The Group has both defined benefit and defined contribution arrangements. The cost of providing benefits under the defined benefit scheme is determined using the projected unit method. The key assumptions used in relation to the cost of providing post-retirement benefits are set after consultation with qualified actuaries. While these assumptions are considered to be appropriate, a change in these assumptions would impact the earnings of the Group. Pensions and other post-employment benefits have been outlined in note 23.

Exceptional items and certain remeasurements
The Group has disclosed additional information in respect of exceptional items on the face of the income statement to aid understanding of the Group's financial performance. An item is treated as exceptional if it is considered unusual by nature and scale and of such significance that separate disclosure is required for the financial statements to be properly understood. "Certain remeasurements" are remeasurements arising on certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships, and which are accounted for as held for trading in accordance with the Group's policy for such financial instruments. This excludes commodity contracts not treated as financial instruments under IAS 39 where held for the Group's own use requirements. Exceptional items and certain remeasurements have been outlined in note 6.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Standard issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's revised financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments
The first phase of IFRS 9, which addressed classification and measurement of financial assets was published in November 2009, and was subsequently amended in October 2010 and November 2013, to include classification and measurement requirements of financial liabilities and hedge accounting requirements. IFRS 9 (2013) has a tentative mandatory effective date to 1 January 2018. The adoption of IFRS 9 (2013) will have an effect on the classification and measurement of the Group's financial assets and financial liabilities. This new standard will also impact upon the hedge accounting of the Group's derivatives. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group, since none of the entities in the Group would qualify to be an investment entity under IFRS 10.

IAS 32 Offsetting Financial Assets and Financial Liabilities − Amendments to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set−off" and the criteria for non−simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group.

IFRIC Interpretation 21 Levies (IFRIC 21)
IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Group does not expect that IFRIC 21 will have material financial impact in future financial statements.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

IAS 19 Defined Benefit Plans: Employee Contributions - Amendments to IAS 19
The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are effective for annual periods beginning on or after 1 July 2014. These amendments are not expected to be have a material impact to the Group.

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36
This amendment removes the requirement arising from the changes to IAS 36 following the issuance of IFRS 13 to disclose information about the recoverable amount of impaired assets if that amount was based on fair value less costs to sell. The Group does not currently have any impaired assets based upon fair value less costs to sell.

4. SEGMENTAL ANALYSIS

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

- the Energia Group operates as a vertically integrated energy business consisting of competitive electricity and gas supply to domestic and business customers in the ROI and to business customers in Northern Ireland through Energia, its retail supply business, backed by electricity generation from its two Huntstown CCGT plants, and long term PPAs with third-party renewable generators (including wind generation assets in which the Group has an equity interest);
- Power NI is the regulated electricity supplier in Northern Ireland; and
- PPB is a regulated business which administers the contracted generation capacity from the Ballylumford power station in Northern Ireland under legacy generating unit agreements which were originally established in 1992 when the Northern Ireland electricity industry was restructured.

The Group Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The measure of profit used by the Group Board is pro-forma EBITDA which is before exceptional items and certain remeasurements (arising from certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships) and based on regulated entitlement (whereby the adjustment for (under)/over-recovery outlined in the segmental analysis below represents the amount by which the regulated businesses (under)/over-recovered against their regulated entitlement). The Group also monitors revenue on a regulated entitlement basis.

(a) Revenue by segment

	2014 £m	2013 £m	2012 £m
Energia Group	**1,014.2**	997.2	1,021.6
Power NI	**458.3**	491.7	520.8
PPB	**131.3**	119.8	203.6
Inter-group eliminations	**(1.4)**	(1.4)	(0.4)
Group	**1,602.4**	1,607.3	1,745.6
Adjustment for under-recovery	**(2.4)**	(3.6)	(14.6)
Total	**1,600.0**	1,603.7	1,731.0

The adjustment for under-recovery represents the amount by which the regulated businesses under recovered against their regulated entitlement.

4. SEGMENTAL ANALYSIS (continued)

(b) Operating Profit

	2014 £m	2013 £m	2012 £m
Segment Pro-Forma EBITDA			
Energia Group	**70.8**	76.6	91.3
Power NI	**25.0**	20.4	19.6
PPB	**5.5**	5.4	5.7
Other	**(2.3)**	(3.1)	(3.2)
Group Pro-Forma EBITDA	**99.0**	99.3	113.4
Adjustment for under-recovery	**(2.4)**	(3.6)	(14.6)
Group EBITDA	**96.6**	95.7	98.8
Depreciation/amortisation			
Energia Group	**(18.4)**	(16.2)	(24.0)
Power NI	**(2.6)**	(2.2)	-
Other	**(0.1)**	-	-
Group depreciation and amortisation	**(21.1)**	(18.4)	(24.0)
Operating profit pre exceptional items and certain remeasurements			
Energia Group	**52.4**	60.4	67.3
Power NI	**22.4**	18.2	19.6
PPB	**5.5**	5.4	5.7
Other	**(2.4)**	(3.1)	(3.2)
Group Pro-Forma operating profit	**77.9**	80.9	89.4
Adjustment for under-recovery	**(2.4)**	(3.6)	(14.6)
Operating profit pre exceptional items and certain remeasurements	**75.5**	77.3	74.8

4. SEGMENTAL ANALYSIS (continued)

(b) Operating profit (continued)

	2014 £m	2013 £m	2012 £m
Exceptional items and certain remeasurements			
Energia Group	**(33.8)**	(2.3)	(10.6)
Other	**(3.3)**	-	-
Group operating profit post-exceptional items and certain remeasurements	**38.4**	75.0	64.2
Finance cost	**(109.4)**	(97.4)	(100.2)
Finance income	**25.6**	22.9	7.5
	(83.8)	(74.5)	(92.7)
Profit on disposal of continuing operations	**1.6**	0.4	11.0
Share of operating loss in associates	**(0.4)**	(0.9)	-
Loss on ordinary activities before tax	**(44.2)**	-	(17.5)

(c) Capital expenditure

	Capital additions to property, plant and equipment			Capital additions to intangible assets		
	2014 £m	2013 £m	2012 £m	2014 £m	2013 £m	2012 £m
Energia Group	**22.0**	6.4	43.9	**18.6**	21.8	21.0
Power NI	**0.1**	0.1	0.3	**6.7**	4.4	11.7
Other	**0.2**	-	-	**0.5**	0.3	-
Total	**22.3**	6.5	44.2	**25.8**	26.5	32.7

4. SEGMENTAL ANALYSIS (continued)

(d) Impairment of non-financial assets

	2014 £m	2013 £m	2012 £m
Energia Group	**30.0**	-	-
Total	**30.0**	-	-

(e) Geographic information

Revenue from external customers	2014 £m	2013 £m	2012 £m
UK	**827.6**	793.3	877.5
ROI	**772.4**	810.4	853.5
Total revenue per income statement	**1,600.0**	1,603.7	1,731.0

The revenue information above is based on the locations of the customers

Non-current operating assets	2014 £m	2013 £m	2012 £m
UK	**183.3**	185.0	186.1
ROI	**588.3**	610.3	617.7
Total	**771.6**	795.3	803.8

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

5. OPERATING COSTS

	2014	2013	2012
	£m	£m	£m
Operating costs are analysed as follows:			
Energy costs	**1,435.5**	1,432.7	1,556.0
Employee costs	**21.3**	21.4	19.9
Depreciation, amortisation and impairment	**21.1**	18.4	24.0
Other operating charges	**46.6**	53.9	56.3
Total pre exceptional items and certain remeasurements	**1,524.5**	1,526.4	1,656.2
Exceptional costs and certain remeasurements:			
Energy costs	**3.8**	2.3	9.2
Depreciation, amortisation and impairment	**30.0**	-	1.4
Other operating charges	**3.3**	-	-
Total exceptional costs and certain remeasurements	**37.1**	2.3	10.6
Total operating costs	**1,561.6**	1,528.7	1,666.8

5.1 Depreciation, amortisation and impairment

	2014	2013	2012
	£m	£m	£m
Depreciation	**18.0**	15.9	22.7
Associated release of contributions in respect of property plant & equipment	**(0.3)**	(0.3)	-
Amortisation of intangible assets	**3.4**	2.8	1.3
Pre exceptional items	**21.1**	18.4	24.0
Impairment of property plant & equipment	**30.0**	-	-
Impairment of intangible assets	**-**	-	1.4
	51.1	18.4	25.4

5.2 Other operating costs

	2014	2013	2012
	£m	£m	£m
Operating lease rentals recognised as an expense during the year:			
Land and buildings	**0.6**	0.5	0.7

6. EXCEPTIONAL ITEMS AND CERTAIN RE-MEASUREMENTS

	2014 £m	2013 £m	2012 £m
Exceptional items in arriving at profit from continuing operations:			
Bid costs[1]	**(3.3)**	-	-
Impairment of property, plant and equipment [2]	**(30.0)**		
Carbon revenue levy[3]	**-**	(0.6)	(9.1)
Impairment of goodwill[4]	**-**	-	(1.4)
Exceptional finance costs[5]	**-**	-	(21.0)
Profit on disposal of continuing operations [6]	**1.6**	0.4	11.0
	(31.7)	(0.2)	(20.5)
Certain remeasurements in arriving at profit			
Net (loss)/profit on derivatives at fair value through operating costs	**(3.8)**	(1.7)	(0.1)
Net (loss)/profit on derivatives at fair value through finance costs	**(13.2)**	9.9	(20.8)
	(17.0)	8.2	(20.9)
Exceptional items and certain remeasurements before taxation	**(48.7)**	8.0	(41.4)
Taxation on exceptional items and certain remeasurements	**4.2**	0.2	6.2
Exceptional items and certain remeasurements after taxation	**(44.5)**	8.2	(35.2)

[1] Exceptional bid costs £3.3m in 2014 relate to costs incurred on the Group's bid for Bord Gais Energy.

[2] The Group has recognised an impairment of £30.0m in 2014 in relation to the Huntstown plant associated with the reduced utilisation of the power plant as a result of the ongoing impact of the coal gas switch.

[3] On 1 July 2010 the RoI Government introduced a carbon revenue levy on generators. The levy was calculated based on 65% of the volume of CO^2 emitted by generators multiplied by the average quarterly price of CO^2. The levy was scheduled to run to 31 December 2012 however the RoI Government repealed the legislation enabling the levy and the levy ended on 25 May 2012. The exceptional impact of the carbon revenue levy was £nil (2013 - £0.6m, 2012: £9.1m) with the cash outflow being £nil (2013 - £1.8m, 2012: £11.1m).

[4] Goodwill impairment of £1.4m in 2012 relates to goodwill arising in respect of the acquisition of Eco Wind Power Limited and reflects the assessment of the net realisable value of that income generating unit undertaken as part of the disposal of 50% of the Group's shareholding.

[5] Exceptional finance costs of £21.0m in 2012 arise in respect of the refinancing of the Group.

[6] Profit on disposal of continuing operations of £1.6m in 2014, relates to a net benefit arising from residual transaction costs attributable to the sale of NIE and Powerteam to ESB on 21 December 2010 which are no longer expected to occur.

[6] Profit on disposal of continuing operations of £0.4m in 2013, relates to the sale of 25% of EWP to companies controlled by AMP on 15 June 2012.

[6] Profit on disposal of continuing operations of £11.0m in 2012, relates to the sale of 100% of VRL and 50% of EWP on 14 March 2012 and certain of their subsidiaries to an affiliated entity (Windco) under the control of the Group's intermediate parent undertaking, ElectricInvest I Limited.

6. EXCEPTIONAL ITEMS AND CERTAIN REMEASUREMENTS (continued)

The tax credit/(charge) in the profit and loss account relating to exceptional items and certain remeasurements is:

	2014 £m	2013 £m	2012 £m
Impairment of property, plant and equipment	3.7	-	-
Carbon revenue levy	-	0.1	1.1
Exceptional finance costs	-	-	3.7
Fair valued derivatives through profit & loss	0.5	0.1	1.4
	4.2	0.2	6.2

7. AUDITORS' REMUNERATION

The Group paid the following amounts to the Company's auditors or its associates in respect of the audit of the financial statements and for other services provided to the Group.

	2014 £'000	2013 £'000	2012 £'000
Audit of these financial statements	35	40	40
Audit of subsidiaries pursuant to legislation	176	226	226
Fees payable to the Company's auditor and its associates for other services:	211	266	266
Audit related assurance services	16	26	122
Taxation compliance services	44	38	69
Taxation advisory services	87	361	663
Corporate finance services	23	28	373
Total non-audit services	170	453	1,227

8. EMPLOYEES

	2014 £m	2013 £m	2012 £m
Salaries	**18.7**	18.7	17.2
Social security costs	**2.0**	2.1	2.0
Pension costs			
- defined contribution plans	**1.1**	0.9	0.9
- defined benefit plans	**0.7**	0.6	0.4
	22.5	22.3	20.5
Less salaries capitalised in property, plant and equipment	**(1.2)**	(0.9)	(0.6)
Charged to the income statement	**21.3**	21.4	19.9

	Actual headcount at 31 March			**Average during the year**		
	Number 2014	Number 2013	Number 2012	**Number 2014**	Number 2013	Number 2012
Energia Group	**199**	206	197	**206**	204	192
Power NI	**197**	183	150	**191**	185	144
PPB	**11**	11	11	**11**	11	12
Other	**37**	37	24	**38**	33	20
	444	437	382	**446**	433	368

Directors' emoluments

No amounts were paid to the directors in respect of qualifying services or long term incentive plans during the year (2013 - £nil, 2012 - £nil).

9. FINANCE COSTS/INCOME

Finance Costs

	Results before exceptional items and certain remeasure-ments 2014 £m	Exceptional items and certain remeasure-ments 2014 £m	Total 2014 £m	Results before exceptional items and certain remeasure-ments 2013 £m	Exceptional items and certain remeasure-ments 2013 £m	Total 2013 £m	Results before exceptional items and certain remeasure-ments 2012 £m	Exceptional items and certain remeasure-ments 2012 £m	Total 2012 £m
Interest on external bank loans and borrowings	(6.0)	-	(6.0)	(6.7)	-	(6.7)	(23.4)	-	(23.4)
Interest on senior secured notes	(45.7)	-	(45.7)	(47.4)	-	(47.4)	(3.3)	-	(3.3)
Interest payable to parent undertaking	(27.7)	-	(27.7)	(23.4)	-	(23.4)	(29.9)	-	(29.9)
Total interest expense	(79.4)	-	(79.4)	(77.5)	-	(77.5)	(56.6)	-	(56.6)
Amortisation of financing charges	(7.6)	-	(7.6)	(7.6)	-	(7.6)	(1.4)	-	(1.4)
Unwinding of discount on decommissioning provision	(0.2)	-	(0.2)	(0.1)	-	(0.1)	(0.2)	-	(0.2)
Unwinding of discount on shareholder loan	(19.7)		(19.7)	(17.2)		(17.2)			
Other finance (charges)/income	(0.6)	-	(0.6)	(0.5)	-	(0.5)	0.3	(21.0)	(20.7)
Total other finance charges	(28.1)	-	(28.1)	(25.4)	-	(25.4)	(1.3)	(21.0)	(22.3)
Net exchange gain/ (loss) on net foreign currency borrowings	1.7	-	1.7	(0.2)	-	(0.2)	(18.4)	-	(18.4)
Net loss/(gain) on net investment hedge	8.7	-	8.7	(4.2)	-	(4.2)	14.5	-	14.5
Net (loss)/gain on financial instruments at fair value through profit or loss	-	(13.2)	(13.2)	-	9.9	9.9	-	(20.8)	(20.8)
Less interest capitalised in qualifying asset	0.9	-	0.9		-	-	3.4	-	3.4
Total finance costs	(96.2)	(13.2)	(109.4)	(107.3)	9.9	(97.4)	(58.4)	(41.8)	(100.2)

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in the period was 6.1%.

9. FINANCE COSTS/INCOME (continued)

Finance income

	2014 **£m**	2013 £m	2012 £m
Interest income on a loan to an associate	**1.0**	0.7	-
Unwinding of discount on junior asset	**24.6**	21.9	-
Interest income on bank deposits	**-**	0.3	1.1
Interest income from loan to a fellow subsidiary	**-**	-	6.4
Total finance income	**25.6**	22.9	7.5

10. INCOME TAX

The major components of the tax credit/(charge) for the years ended 31 March 2014, 2013 and 2012 are:

	Results before exceptional items and certain remeasure-ments 2014 £m	Exceptional items and certain remeasure-ments 2014 £m	Total 2014 £m	Results before exceptional items and certain remeasure-ments 2013 £m	Exceptional items and certain remeasure-ments 2013 £m	Total 2013 £m	Results before exceptional items and certain remeasure-ments 2012 £m	Exceptional items and certain remeasure-ments 2012 £m	Total 2012 £m
Current tax:									
Current tax (charge)/credit	(0.7)	0.5	(0.2)	(0.7)	0.2	(0.5)	(12.5)	12.5	-
Adjustments in respect of prior years	0.3	-	0.3	2.4	-	2.4	0.4	-	0.4
Total current tax (charge)/credit	(0.4)	0.5	0.1	1.7	0.2	1.9	(12.1)	12.5	0.4
Deferred tax:									
Adjustments in respect of current year	3.9	3.7	7.6	8.3	-	8.3	1.4	(6.3)	(4.9)
Adjustments in respect of prior years	1.0	-	1.0	(0.8)	-	(0.8)	2.4	-	2.4
Effect of decreased rate on opening liability	(1.3)	-	(1.3)	(0.1)	-	(0.1)	(0.2)	-	(0.2)
Total deferred tax	3.6	3.7	7.3	7.4	-	7.4	3.6	(6.3)	(2.7)
Total taxation credit/(charge)	3.2	4.2	7.4	9.1	0.2	9.3	(8.5)	6.2	(2.3)

10. INCOME TAX (continued)

Consolidated statement of Other Comprehensive Income

	2014 £m	2013 £m	2012 £m
Deferred tax related to items recognised in Other Comprehensive Income during the year:			
Net (loss)/gain on revaluation of cash flow hedges	1.2	(0.4)	4.9
Net (loss)/gain on remeasurement of defined benefit scheme	0.2	0.3	0.1
Taxation credited to Other Comprehensive Income	1.4	(0.1)	5.0

The tax (credit)/charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2014 £m	2013 £m	2012 £m
Accounting loss before income tax	(44.2)	-	(17.5)
At the statutory – income tax rate of 23% (2013: 24%, 2012: 26%)	(10.2)	-	(4.6)
Adjustments in respect of previous years	(1.3)	(1.6)	(2.8)
Effect of lower tax rates on overseas earnings	4.6	(3.5)	(2.8)
Impact of rate change on deferred tax	1.3	0.1	0.2
Other	(1.5)	0.5	(2.3)
Non-deductible expenses for tax purposes	0.4	0.8	0.9
Non deductible interest	0.2	1.8	7.9
Tax losses carried forward on which no deferred tax asset was recognised	3.1	2.2	7.7
Utilisation of tax losses on which no deferred tax is recognised	(3.5)	(3.6)	-
Movement in unrecognised temporary differences	(0.1)	-	1.0
Deferred tax not previously recognised	-	(6.0)	-
Profit on disposal of subsidiary undertaking	(0.4)	-	(2.9)
Tax (credit)/charge	(7.4)	(9.3)	2.3

10. INCOME TAX (continued)

	Accelerated capital allowances £m	Losses available for offset against future taxable income £m	Loan interest £m	Pension obligation £m	Revaluation on cash flow hedges £m	Consolidation adjustment £m	Other £m	Total £m
As at 1 April 2011	(19.1)	1.1	(0.3)	0.2	(4.9)	6.3	(1.2)	(17.9)
Disposals	1.1	(0.8)	-	-	-	-	-	0.3
Credit/(charge) to income statement	0.6	(0.2)	1.7	(0.3)	-	(6.3)	1.8	(2.7)
Credit to equity	-	-	-	0.1	4.9	-	-	5.0
Transfer to current tax	-	-	-	-	-	-	0.9	0.9
Foreign exchange	0.8	-	0.3	-	-	-	-	1.1
As at 1 April 2012	(16.6)	0.1	1.7	-	-	-	1.5	(13.3)
(Charge)/credit to income statement	(1.7)	6.2	3.8	(0.3)	-	-	(0.6)	7.4
Credit/(charge) to equity	-	-	-	0.3	(0.4)	-	-	(0.1)
Foreign exchange	(0.4)	-	0.2	-	-	-	0.2	-
As at 1 April 2013	(18.7)	6.3	5.7	-	(0.4)	-	1.1	(6.0)
Credit/(charge) to income statement	4.9	1.4	1.7	(0.3)	-	-	(0.4)	7.3
Credit to equity	-	-	-	0.2	1.2	-	-	1.4
Foreign exchange	0.3	-	(0.1)	-	-	-	(0.3)	(0.1)
As at 1 April 2014	**(13.5)**	**7.7**	**7.3**	**(0.1)**	**0.8**	**-**	**0.4**	**2.6**

10. INCOME TAX (continued)

Certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2014	2013	2012	2011
	£m	£m	£m	£m
Deferred tax assets	**16.2**	13.5	4.1	4.8
Deferred tax liabilities	**(13.6)**	(19.5)	(17.4)	(22.7)
Net deferred tax assets/(liabilities)	**2.6**	(6.0)	(13.3)	(17.9)

Current and deferred tax have been calculated using standard rates of corporation tax in the UK being the prevalent rates of corporation tax of the Group. Deferred tax has been calculated at 20% as at 31 March 2014 reflecting HMRC enactment, in July 2013, of a reduction in the corporation tax rate effective from 1 April 2015.

A deferred tax asset of £56.4m (2013 - £66.3m, 2012 - £74.5m) has not been recognised on UK tax losses carried forward due to uncertainty around the quantum of future profits in the companies concerned.

No deferred tax has been provided at 31 March 2014 (2013 - £nil, 2012 - £nil) on temporary differences arising from unremitted earnings of Group subsidiaries on the basis that undistributed profits of subsidiaries will not be distributed in the foreseeable future. In addition any repatriation is unlikely to result in any tax due to the dividend exemption in the UK and the non taxable nature of the jurisdictions of certain other companies in the Group.

11. PROPERTY, PLANT AND EQUIPMENT

	Generation assets £m	Freehold operational land £m	Fixtures and equipment £m	**Total £m**
Cost or valuation:				
At 1 April 2011	481.5	13.7	6.0	501.2
Exchange adjustment	(28.8)	(0.8)	-	(29.6)
Additions	43.7	-	0.5	44.2
Disposals	(111.7)	-	-	(111.7)
At 31 March 2012	384.7	12.9	6.5	404.1
Exchange adjustment	6.2	0.2	-	6.4
Additions	6.1	-	0.4	6.5
Acquisition of subsidiaries	0.3	-	-	0.3
Transfer	5.2	-	-	5.2
At 31 March 2013	402.5	13.1	6.9	422.5
Exchange adjustment	(9.9)	(0.3)	-	(10.2)
Additions	21.8	-	0.5	22.3
Acquisition of subsidiaries	2.4	-	-	2.4
At 31 March 2014	**416.8**	**12.8**	**7.4**	**437.0**

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Generation assets £m	Freehold operational land £m	Fixtures and equipment £m	Total £m
Depreciation and impairment:				
At 1 April 2011	95.8	-	2.9	98.7
Exchange adjustment	(8.5)	-	-	(8.5)
Depreciation charge for the year	22.4	-	0.3	22.7
Disposals	(10.4)	-	-	(10.4)
At 31 March 2012	99.3	-	3.2	102.5
Exchange adjustment	2.6	-	-	2.6
Depreciation charge for the year	15.1	-	0.8	15.9
At 31 March 2013	117.0	-	4.0	121.0
Exchange adjustment	(3.9)	-	-	(3.9)
Impairment charge (note 13)	30.0			30.0
Depreciation charge for the year	17.2	-	0.8	18.0
At 31 March 2014	**160.3**	**-**	**4.8**	**165.1**
Net book value:				
At 1 April 2011	385.7	13.7	3.1	402.5
At 31 March 2012	285.4	12.9	3.3	301.6
At 31 March 2013	285.5	13.1	2.9	301.5
At 31 March 2014	**256.5**	**12.8**	**2.6**	**271.9**

(i) Included in generation assets are amounts in respect of assets under construction amounting to £19.3m (2013 - £10.9m, 2012 - £5.6m) and capitalised interest of £1.7m (2013 - £0.8m, 2012 - £0.6m).

(ii) Included in fixtures and equipment are amounts in respect of assets under construction amounting to £nil (2013 - £nil, 2012 - £2.1m).

(iii) In the current year an impairment charge of £30.0m (2013 £nil, 2012 £nil) has been recognised in respect of generation assets in relation to the Huntstown 1 and Huntstown 2 CCGT plant reflecting the challenging market conditions and the ongoing impact of reduced utilisations of both power plant (associated with the coal gas switch, the increase in renewable capacity and the recent commissioning of the East West interconnector together with the forecast commissioning of SSE Great Island's CCGT in late 2014). Further details of the impairment review undertaken are disclosed in note 13.

12. INTANGIBLE ASSETS

	Software costs £m	Renewable development assets £m	Emission allowances ROCs & LECs £m	Goodwill £m	Total £m
Cost:					
At 1 April 2011	13.4	-	27.7	483.9	525.0
Exchange adjustment	-	-	(1.1)	(1.3)	(2.4)
Additions	9.7	-	23.0	-	32.7
Surrenders in settlement of obligations	-	-	(24.1)	-	(24.1)
Disposal of a subsidiary	-	-	-	(19.4)	(19.4)
At 31 March 2012	23.1	-	25.5	463.2	511.8
Exchange adjustment	-	-	0.1	(0.1)	-
Additions	2.3	-	24.2	-	26.5
Surrenders in settlement of obligations	-	-	(24.5)	-	(24.5)
Revaluations of emissions allowances	-	-	(8.5)	-	(8.5)
Acquisition of a subsidiary	-	-	-	0.9	0.9
At 31 March 2013	25.4	-	16.8	464.0	506.2
Exchange adjustment	-	-	-	(0.1)	(0.1)
Additions	2.4	-	23.4	-	25.8
Surrenders in settlement of obligations	-	-	(24.7)	-	(24.7)
Acquisition of subsidiaries	-	8.3	-	-	8.3
At 31 March 2014	**27.8**	**8.3**	**15.5**	**463.9**	**515.5**

12. INTANGIBLE ASSETS (continued)

Amortisation and impairment:	**Software costs £m**	**Renewable development assets £m**	**Emission allowances ROCs & LECs £m**	**Goodwill £m**	**Total £m**
At 1 April 2011	6.9	-	-	-	6.9
Amortisation	1.3	-	-	-	1.3
Impairment	-	-	-	1.4	1.4
At 31 March 2012	8.2	-	-	1.4	9.6
Amortisation	2.8	-	-	-	2.8
At 31 March 2013	11.0	-	-	1.4	12.4
Amortisation	3.4	-	-	-	3.4
At 31 March 2014	**14.4**	**-**	**-**	**1.4**	**15.8**
Net book value:					
At 1 April 2011	6.5	-	27.7	483.9	518.1
At 31 March 2012	14.9	-	25.5	461.8	502.2
At 31 March 2013	14.4	-	16.8	462.6	493.8
At 31 March 2014	**13.4**	**8.3**	**15.5**	**462.5**	**499.7**

13. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

On transition of UK GAAP to IFRS effective 1 April 2011, five CGUs were determined as:

- Huntstown generation;
- Energia supply;
- Energia renewable assets;
- Power NI; and
- PPB.

The CGUs align to the Group operating and reportable segments as identified in note 4 with the exception of the Energia Group which has been split into three CGUs, Huntstown generation, Energia supply and Energia renewable assets as the cashflows from Huntstown generation and Energia renewable assets are largely independent of the cashflows of the Energia Supply CGU.

On transition an assessment of the value of goodwill by CGU resulted in:
- an impairment of £45m for the Huntstown generation CGU reducing the net book value of goodwill to zero at 1 April 2011. The impairment arises from a reduction in the earnings performance of the Huntstown generation CGU as a result of the impact of the reduction in electricity demand and the impact of two new CCGT power plant commissioned in the year ended 31 March 2011; and
- zero allocation of goodwill to the PPB business due to the nature of the contracts which PPB manages which are cancellable at six months' notice.

The carrying amount of goodwill remaining allocated to each of the CGUs is as follows:

CGU	**2014**	2013	2012	2011
	£m	£m	£m	£m
Energia supply	**336.5**	336.6	335.8	335.8
Energia renewable assets	**-**	-	-	22.1
Power NI	**126.0**	126.0	126.0	126.0
Total goodwill	**462.5**	462.6	461.8	483.9

The reduction in the goodwill for Energia renewable assets of £22.1m in 2012 relates to the disposal of the renewable assets in that year.

The recoverable amount of the goodwill allocated to Energia supply and Power NI together with the property, plant and equipment of each CGU, has been determined based on a value in use calculation using cash flow projections from the Group's five year business plan as approved by the Board together with a long term growth rate of 2% applied thereafter. The Group's business model is based on past experience and reflects the Group's forward view of market prices, risks and its strategic objectives. The recoverable amount is compared to the carrying amount of the CGU to determine whether the CGU is impaired.

Key assumptions used in value in use calculations

The key assumptions used for the value in use assumptions are as follow:

Discount rates

The pre-tax discount rates used in the calculation of the value in use for the CGUs were 10.0% (2013 – 12.7%, 2012 – 12.8%, 2011 – 11.4%) reflecting management's estimate of the Weighted Average Cost of Capital a post-tax rate required to assess operating performance and to evaluate future capital investment proposals.

13. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES (continued)

These rates reflect market projections of the risk-free rate in the jurisdictions in which the Group operates, equity risk premiums and the cost of debt appropriate to the industry.

Energia supply CGU

The key assumptions on which the cash flow projections of this CGU are based are as follows:

- Retail supply revenues for electricity and gas are based on the expected market share derived from the market share at the time of the approval of the business model adjusted for forecasted growth. Growth in business customer numbers is modest and growth in respect of Energia's entry into the ROI domestic market is moderate with cashflows associated with increased customer service and customer acquisition incorporated accordingly;
- Retail supply margins are based on historic and projected gross margin percentages;
- Renewable PPA revenues are based on capacity in operation at the time of the approval of the business model adjusted for forecasted growth. Growth in capacity primarily reflects contracted PPAs and uncontracted growth is moderate; and
- Renewable PPAs margins are based on forecast electricity market prices and the underpinning support mechanisms of REFIT in the ROI and ROCs in Northern Ireland.

Outcome of Tests:
The recoverable amount of the Energia supply CGU exceeded the respective carrying value at the time of the impairment test. While cash flows are subject to inherent uncertainty, reasonable possible changes in the key assumptions applied in assessing the value in use would not cause a change to the conclusion reached.

Power NI CGU

The key assumptions on which the cash flow projections of this CGU are based are as follows:

- Regulated revenues and margins are underpinned by the regulatory price control in place for the three year period to 31 March 2017;
- Customer attrition is assumed however the nature of the price control with regulated entitlement 70% fixed and 30% variable reduces the impact of customer losses; and
- Unregulated retail supply margins for business customers are based on historic and projected gross margin percentages.

Outcome of Tests:
The recoverable amount of the Power NI CGU exceeded the respective carrying value at the time of the impairment test. While cash flows are subject to inherent uncertainty, reasonable possible changes in the key assumptions applied in assessing the value in use would not cause a change to the conclusion reached.

Huntstown Generation CGU

The key assumptions on which the cash flow projections of this CGU are based are as follows:

- Market prices including forecasts of SMP reflecting input costs such as forward gas, coal and oil prices as well as carbon emissions costs and forecast capacity payment prices; and
- Forecasts of availability and efficiency based on management expectation and past performance.

Outcome of Tests:
As noted above goodwill allocated to this CGU of £45m was fully impaired at 1 April 2011. A further £30m impairment has been recognised in the current year in relation to the generation assets of this CGU as indicated in note 11.

14. INVESTMENT IN ASSOCIATES

As disclosed in note 15, on 14 March 2012, the Group completed the sale of 100% of VRL (renamed IIF Cyclone NI Holdco Limited (IIF Cyclone)) and 50% of EWP and certain of their subsidiaries to an affiliated entity (Windco) under the control of the Group's immediate parent undertaking, ElectricInvest I Limited. On 15 June 2012 the Group sold a 25% holding in EWP to companies controlled by AMP and also acquired 20% of the issued ordinary share capital of IIF Cyclone, from an affiliated entity (Windco). As part of these transactions, loans receivable from these associates with a fair value of £6.6m were novated to the Group from a fellow subsidiary. The consideration was a £6.6m loan payable. At 31 March 2013 and 2014 the Group has a 25% interest in EWP and a 20% interest in IIF Cyclone (collectively, the "Associates").

EWP is incorporated in the Republic of Ireland and carries on the business of windfarm generation. IIF Cyclone is incorporated in Northern Ireland and carries on the business of windfarm generation. The Group's interests in the Associates are accounted for using the equity method in the revised consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in its associates:

	As at 31 March 2014 £m	As at 31 March 2013 £m	As at 31 March 2012 £m
Goodwill	**8.1**	8.3	9.7
Current assets	**15.3**	13.6	12.0
Non-current assets	**100.9**	108.5	51.9
Derivative liabilities	**(6.2)**	(10.0)	(2.2)
Current liabilities	**(10.5)**	(57.9)	(3.6)
Non-current liabilities	**(127.0)**	(83.5)	(77.9)
Equity	**(19.4)**	(21.0)	(10.1)
Proportion of the Group's ownership	**(7.3)**	(7.6)	(9.7)
Goodwill	**8.1**	8.3	9.7
Loan to associates	**7.1**	7.4	-
Carrying amount of the investment	**7.9**	8.1	-

	Year ended 2014 £m	Year ended 2013 £m
Revenue	**20.0**	15.6
Operating profit	**9.0**	6.7
Finance costs	**(9.6)**	(8.3)
Loss before tax	**(0.6)**	(1.6)
Taxation	**(0.8)**	(0.3)
Loss for the year	**(1.4)**	(1.9)
Group's share of loss for the year	**(0.4)**	(0.9)

15. BUSINESS COMBINATIONS AND DISPOSALS

Acquisitions in 2014

In April 2013, the Group acquired 100% of the shares of Thornog Windfarm Limited and in October 2013 acquired 100% of the shares of Long Mountain Windfarm Limited, both unlisted companies based in Northern Ireland. The acquisitions contribute towards the Group's aim of growing its renewable generation business in Ireland.

Total consideration for both acquisitions comprised £6.8m cash and £2.2m contingent consideration.

Assets acquired and liabilities assumed

The combined fair values of the identifiable assets and liabilities of Thornog Windfarm Limited and Long Mountain Windfarm Limited as at the date of acquisition were:

	Fair value recognised on acquisition £m
Assets	
Property plant and equipment	2.4
Liabilities	
Loans and borrowings	(1.7)
Total identifiable net assets at fair value	0.7
Intangible assets (development assets) arising on acquisition	8.3
Purchase consideration transferred	9.0
Purchase consideration made up of:	
Cash	6.8
Contingent consideration	2.2
	9.0
Analysis of cash flows on acquisition:	
Cash paid	6.8
Discharge of amounts owed to shareholders	1.7
Net cash flows on acquisition	8.5

Transaction costs of £0.3m have been expensed and are included in other operating charges.

Since both acquisitions related to wind farms in development neither company has generated any revenues and the impact on the Group's profits from their activities is immaterial.

Contingent consideration

Contingent consideration relates to timing of and costs in relation to milestones associated with grid connection and commissioning timelines. The contingent consideration recognised at the date of acquisition was £2.2m and reflects the maximum amount payable in respect of both acquisitions, with the minimum payable being £nil.

Acquisitions and disposals in 2012 and 2013

On 15 June 2012 the Group also acquired 20% of the issued ordinary share capital of IIF Cyclone, from an affiliated entity (Windco) under the control of the Group's intermediate parent undertaking, ElectricInvest I Limited. The consideration for this purchase was a £3.2m loan payable.

15. BUSINESS COMBINATIONS AND DISPOSALS (continued)

On 15 June 2012 the Group also acquired from EWP, an associate of the Group, 100% of the issued ordinary share capital of MD South Windfarm Limited (MDS), a company incorporated in the Republic Ireland and which carries on the business of windfarm development. The consideration for this purchase was a £1.2m loan payable. Details of the book and fair values of the assets and liabilities of MDS, together with the impact of MDS on the income statement and cash flow statement of the Group have not been disclosed on the grounds that these are immaterial to the Group.

On 15 June 2012 the Group sold a 25% holding in EWP to companies controlled by AMP, reducing its holding to 25% of the issued ordinary share capital in EWP. A profit of £0.4m arose on this sale reflecting the consideration of £2 and the Group's share of the net liabilities exceeding the unamortised goodwill at the date of disposal.

As part of these transactions, loans receivable from these associates with a fair value of £6.6m were novated to the Group from a fellow subsidiary. The consideration was a £6.6m loan payable.

During the year ended 31 March 2014 the Group paid costs of £0.3m (2013 - £1.7m, 2012 - £3.9m) in relation to the disposal of subsidiaries comprising £nil (2013 - £0.2m, 2012 - £0.2m) in relation to the disposal of EWP on 14 March 2012 as outlined below and £0.3m (2013 - £1.5m, 2012 - £3.9m) in relation to the disposal of NIE on 21 December 2010.

On 14 March 2012, the Group completed the sale of 100% of IIF Cyclone and 50% of EWP and certain of their subsidiaries to an affiliated entity (Windco) under the control of the Group's immediate parent undertaking, ElectricInvest I Limited. The sale is analysed as follows:

As at 14 March 2012	**Viridian Resources Limited 100%**	**Eco Wind Power Limited 100%**	**Total 100%**
Net assets disposed of:	**£m**	**£m**	**£m**
Tangible fixed assets	49.0	52.3	101.3
Intangible assets - goodwill	-	19.4	19.4
Debtors (amounts falling due within one year)	3.9	0.9	4.8
Cash at bank and in hand	6.9	11.1	18.0
Creditors (amounts falling due within one year)	(6.2)	(3.4)	(9.6)
Derivatives liability	-	(2.2)	(2.2)
Creditors (amounts falling due after more than one year)	(41.9)	(32.6)	(74.5)
Provisions	-	(2.3)	(2.3)
Current tax liability	(0.1)	-	(0.1)
Deferred tax liability	-	(0.3)	(0.3)
Deferred income	-	(0.2)	(0.2)
	11.6	42.7	54.3
Share of associate retained (50%)*			-
Costs of disposal			1.9
Profit on disposal			11.0
			67.2
Satisfied by:			
Loan receivables			67.2
Net outflow of funds to Group:			
Costs of disposal			(0.2)
Cash disposed of			(18.0)
			(18.2)

* the above analysis of EWP's net assets disposed of excludes amounts owed to companies within the Group of £42.7m the benefits of which were novated to the acquirer of EWP as part of the disposal.

During the period 1 April 2011 to 14 March 2012 IIF Cyclone and EWP made a loss after tax of £3.3m, generated £9.3m of the Group's net operating cash flows, paid £3.5m in respect of investments and servicing of finance, paid £0.1m in respect of taxation and utilised £38.0m for capital expenditure and financial investment.

16. GROUP INFORMATION

Information about subsidiaries

Principal investments in which the Group held 100% of ordinary shares at 31 March 2014 are listed below:

Name	***Principal activities***	***Country of incorporation***
Regulated businesses		
Power NI Energy Ltd[1]*	Power procurement and supply of electricity	Northern Ireland
Energia Group		
Huntstown Power Company Limited *	Electricity generation	Republic of Ireland
Viridian Power Limited *	Electricity generation	Republic of Ireland
Viridian Energy Supply Ltd (trading as Energia) *	Energy supply	Northern Ireland
Viridian Energy Limited (trading as Energia) *	Energy supply	Republic of Ireland
GenSys Power Limited (trading as GenSys)*	Operating and maintenance services	Republic of Ireland
Viridian Power and Energy Holdings Limited *	Holding company	Republic of Ireland
Viridian Power and Energy Limited *	Holding company	Northern Ireland
Power and Energy Holdings (RoI) Limited *	Holding company	Republic of Ireland
Viridian Renewables Company 1 Limited *	Holding company	Northern Ireland
Viridian Renewables Development Limited *	Holding company	Republic of Ireland
Viridian Renewables RoI Limited *	Holding company	Republic of Ireland
Holyford Windfarm Limited *	Renewable generation	Republic of Ireland
MD South Windfarm Limited *	Renewable development	Republic of Ireland
Whaplode Limited *	Renewable development	Republic of Ireland
Windgeneration Ireland Limited *	Renewable development	Republic of Ireland
Eshmore Wind Limited *	Holding company	Republic of Ireland
Eshmore Ltd *	Renewable development	Northern Ireland
Clondermot Wind Limited *	Renewable development	Northern Ireland
Lisglass Wind Ltd *	Renewable development	Northern Ireland
Thornog Windfarm Ltd *	Renewable development	Northern Ireland
Long Mountain Wind Farm Limited *	Renewable development	Northern Ireland
Other		
Viridian Properties Limited *	Property	Northern Ireland
Viridian Insurance Limited *	Insurance	Isle of Man
EI Ventures Limited *	Holding company	Great Britain
ElectricInvest Acquisitions Limited *	Holding company	Great Britain
ElectricInvest Holding Company Limited *	Holding company	Great Britain
ElectricInvest (Cayman) Limited*	Holding Company	Cayman Islands
ElectricInvest (Lux) RoI S.à.r.l.*	Holding company	Grand Duchy of Luxembourg
Viridian Capital Limited *	Holding company	Northern Ireland
Viridian Enterprises Limited *	Holding company	Northern Ireland
Viridian Group Limited*	Holding company	Northern Ireland
Viridian Group Fundco I Limited	Holding Company	Cayman Islands
Viridian Group Fundco II Limited*	Holding Company	Cayman Islands
Viridian Group Fundco III Limited*	Holding Company	Cayman Islands

** held by a subsidiary undertaking*

[1] consists of the operating businesses of Power NI and PPB

16. GROUP INFORMATION (continued)

Ultimate parent undertaking, controlling party and related party transactions
The parent undertaking of the Company is Viridian Group Holdings Limited, a company incorporated in the Cayman Islands. The ultimate parent undertaking of the Company and controlling party of the Group, as defined by IFRS 10, "Consolidated Financial Statements" is ElectricInvest Investments Limited a company incorporated in the Cayman Islands.

17. OTHER FINANCIAL ASSETS

	2014 £m	2013 £m	2012 £m	1 April 2011 £m
Other financial assets				
Loans and receivables:				
Loan receivable from fellow subsidiary	**-**	-	-	116.6
Security deposits	**2.4**	3.5	38.2	3.9
Short−term managed funds	**1.4**	1.4	1.3	1.3
Total loans and receivables	**3.8**	4.9	39.5	121.8
Financial instruments held to maturity:				
Investment in parent undertaking's junior bank facility	**144.8**	123.8	99.9	-
Viridian Growth Fund	**0.6**	0.7	0.7	0.9
Total other financial assets	**145.4**	124.5	100.6	122.7
Total non-current	**145.4**	124.5	100.6	117.5
Total current	**3.8**	4.9	39.5	5.2

As part of the refinancing of the Group on 14 March 2012, the Group purchased £366.8m (sterling equivalent) of debt issued by the Group's immediate parent undertaking under its Junior bank facility which at 31 March 2012 was £366.0m (sterling equivalent). This purchase was effected through the transfer of the entire share capital of ElectricInvest (Cayman) Limited to the Group from ElectricInvest Investments Limited, the Group's ultimate parent undertaking. Prior to the transfer ElectricInvest (Cayman) Limited had cumulatively acquired £366.8m (sterling equivalent) of the Junior bank facility.

The consideration given by the Group for the transfer comprised cash of £118.5m left outstanding by way of a loan, the assumption of loans totalling £102.8m owed by ElectricInvest (Cayman) Limited to ElectricInvest Investments Limited and the extinguishment of loans totalling £116.2m (including accrued interest of £2.8m) owed by ElectricInvest (Cayman) Limited to the Group.

Immediately following this transfer and as part of the refinancing of the Group in March 2012, that element of the Junior bank facility representing amounts now held by the Group were restructured to be interest free with repayment deferred from December 2012 to March 2021.

Upon transition to IFRS the Group's Junior bank facility asset has been restated to its fair value in accordance with the accounting policy relating to interest free loans receivable outlined in note 3 (i) and as detailed in note 15.

Loans and receivables are held to maturity and generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

18. TRADE AND OTHER RECEIVABLES

	2014	2013	2012	2011
	£m	£m	£m	£m
Trade receivables (including unbilled consumption)	**150.6**	170.0	154.6	173.8
Prepayments and accrued income	**24.0**	21.0	15.2	26.5
Other receivables	**6.1**	8.0	3.6	10.0
Receivables from an associate	**-**	0.1	-	-
Amounts owed by fellow group undertaking	**-**	-	0.1	1.8
	180.7	199.1	173.5	212.1

Trade receivables are non−interest bearing and are generally on terms of 14 to 90 days.

See below for the movements in the provision for impairment of receivables.

	£m
At 1 April 2011	11.9
Charge for the year	4.5
Utilised	(3.1)
At 31 March 2012	13.3
Charge for the year	5.4
Utilised	(7.3)
At 31 March 2013	11.4
Charge for the year	4.4
Utilised	(3.5)
At 31 March 2014	**12.3**

As at 31 March, the ageing analysis of trade receivables is, as follows:

			Past due but not impaired			
	Total £m	***Neither past due nor impaired £m***	***< 30 days £m***	***30-60 days £m***	***61-90 days £m***	***> 90 Days £m***
2012	154.6	115.9	21.6	7.7	3.2	6.2
2013	170.0	113.5	35.2	9.3	5.2	6.8
2014	**150.6**	**105.8**	**25.7**	**9.2**	**5.4**	**4.5**

The credit quality of trade receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available otherwise historical information relating to counterparty default rates combined with current knowledge of the counterparty is used.

19. CASH AND CASH EQUIVALENTS

	2014	2013	2012	2011
	£m	£m	£m	£m
Cash at bank and on hand	**6.1**	24.7	8.8	16.5
Short−term bank deposits	**20.2**	24.2	25.3	41.9
	26.3	48.9	34.1	58.4

Cash at bank earns interest at floating rates based on daily bank deposit rates.

At 31 March 2014, the Group had available £116.4m (2013 - £101.1m, 2012 - £82.4m) of undrawn committed borrowing facilities.

20. TRADE AND OTHER PAYABLES

	2014	2013	2012	2011
	£m	£m	£m	£m
Trade creditors	**54.5**	64.5	53.6	53.6
Other creditors	**26.4**	28.1	35.0	38.2
Amounts owed to associate	**2.4**	2.2	0.4	-
Payments received on account	**29.4**	28.4	18.9	25.0
Tax and social security	**2.3**	2.7	3.4	2.9
Accruals	**121.6**	141.2	135.8	149.8
	236.6	267.1	247.1	269.5

Trade creditors are non−interest bearing and are normally settled within 45 day terms.

21. FINANCIAL LIABILITIES

	2014 £m	2013 £m	2012 £m	2011 £m
Current financial liabilities:				
Interest payable	1.2	1.1	3.4	4.0
Project financed bank facilities (ROI)	0.4	-	-	2.1
Contingent consideration	2.2	-	-	-
Senior revolving credit facility	-	-	55.0	-
Senior bank facility	-	-	-	340.9
Loan from parent undertaking	-	-	-	543.2
Loan notes	-	-	-	13.9
Total current financial liabilities	3.8	1.1	58.4	904.1
Non-current financial liabilities:				
Senior secured notes	346.5	397.1	378.1	-
Subordinated shareholder loan	382.9	335.6	334.8	-
Project financed bank facilities (NI)	5.8	-	-	13.8
Project financed bank facilities (ROI)	10.4	-	-	19.7
Total non−current financial liabilities	745.6	732.7	712.9	33.5
Total current and non-current financial liabilities	749.4	733.8	771.3	937.6

The Senior bank facility and loan notes were repaid during the year ended 31 March 2012. Project financed bank facilities at 1 April 2011 were disposed of as part of the disposal of EWP and VRL disclosed in note 15.

Senior secured notes and Senior revolving credit facility
The Senior secured notes and Senior revolving credit facility are secured by way of fixed and floating charges over the assets of the Group's material non−regulated and intermediary holding company subsidiaries, together with first ranking share pledges over the shareholdings in the Group's material and intermediary holding company subsidiaries including the regulated subsidiary Power NI Energy Limited. On enforcement the Senior revolving credit facility would be repaid in advance of the Senior secured notes.

The Senior secured notes are denominated in Euro €283.9m (2013 - €313.0m, 2012 - €313.0m) and USD $226.8m (2013 - $250.0m, 2012 - $250.0m) and interest, which is payable semi−annually, is charged at a fixed rate coupon of 11.125%. The Senior secured notes are repayable in one instalment on 1 April 2017.

The Senior secured notes includes an option for the period to 1 April 2015 to redeem annually up to 10% of the original principal at a redemption price of 103%.

Interest is charged under the Senior revolving credit facility at floating interest rates based on LIBOR and EURIBOR.

Subordinated shareholder loan
The loan payable to the parent undertaking is subordinated to the repayment of the Senior secured notes, the Senior revolving credit facility, and the Junior bank facility A of the Group's immediate parent undertaking Viridian Group Holdings Limited and becomes repayable on demand once all facilities to which it is subordinated are repaid. Of this loan £160.3m (2013 - £140.6m, 2012 - £163.4m) is non-interest bearing and £222.6m (2013 - £195.0m, 2012 - £171.4m) accrues interest at 13.5% (14% up until 14 June 2012) on a payment in kind basis.

Upon transition to IFRS the Group's shareholder loan has been restated to its fair value in accordance with the accounting policy relating to interest free loans payable outlined in note 3 (i) and as detailed in note 15.

21. FINANCIAL LIABILITIES (continued)

Project financed bank facilities
The project financed bank loan facilities are repayable in semi-annual instalments to 2031 and are secured on a non-recourse basis over the assets and shares of the specific project finance companies. Interest on the project finance bank loan facilities has been predominantly fixed through interest rate swaps resulting in an effective rate of interest of 3.89% on project financed bank facilities NI and 6.47% in the project financed bank facilities ROI.

22. DEFERRED INCOME

	2014	2013	2012
	£m	£m	£m
At 1 April	**1.2**	–	0.2
Released to the income statement	**(0.3)**	(0.3)	–
Deferred during the year	**-**	1.5	
Disposal of subsidiary	**-**	–	(0.2)
At 31 March	**0.9**	1.2	-
Current	**0.3**	0.2	-
Non-current	**0.6**	1.0	-
	0.9	1.2	-

The deferred income arises from contributions in respect of certain property, plant and equipment assets.

23. PENSIONS AND OTHER POST- EMPLOYMENT BENEFIT PLANS

	2014	2013	2012	2011
	£m	£m	£m	£m
Net employee defined benefit liability (before deferred tax)	**(1.0)**	(1.4)	(0.5)	(1.1)

The Viridian Group Pension Scheme (2011) ("VGPS") has two sections: a money purchase section (known as 'Options') and a defined benefit section (known as 'Focus'). The defined benefit section is closed to new entrants. There is also a money purchase arrangement for employees in the RoI known as 'Choices'. Most employees of the Group are members of VGPS Options or Choices.

The assets of the Focus section are held under trust and invested by the trustees on the advice of professional investment managers.

The regulatory framework in the UK requires the Trustees and Group to agree upon the assumptions underlying the funding target, and then to agree upon the necessary contributions required to recover any deficit at the valuation date. There is a risk to the Group that adverse experience could lead to a requirement for the Group to make further contributions to recover any deficit.

23. PENSIONS AND OTHER POST- EMPLOYMENT BENEFIT PLANS (Continued)

The Trustees regularly review the investment strategy of VGPS and target to maintain the mix of investments between 45% on-risk and 55% off-risk.

The last actuarial valuation of VGPS was as at 31 March 2012 and under the terms of the recovery plan agreed with the trustees, the Group will make good the £9.9m funding shortfall through annual deficit repair contribution of £1.25m for eight years.

The following tables summarise the components of net benefit expense recognised in the income statement and the funded status and amounts recognised in the balance sheet for the VGPS:

VGPS Focus Section
Changes in the defined benefit obligation, fair value of Focus assets and unrecognised past service costs.

	2014	2013	2012
	£m	£m	£m
Market value of assets at 1 April	**28.7**	22.3	20.6
Interest income	**1.2**	1.1	1.2
Contributions from employer	**2.1**	1.9	1.4
Contributions from scheme members	**0.2**	0.2	0.1
Benefits paid	**(0.3)**	(0.5)	-
Return on plan assets (excluding amounts in the net interest expense)	**(0.6)**	2.0	(1.0)
Transfer of employees	**-**	2.9	-
Settlements	**-**	(1.2)	-
Market value of assets at 31 March	**31.3**	28.7	22.3

	2014	2013	2012
	£m	£m	£m
Actuarial value of liabilities at 1 April	**29.3**	22.8	21.7
Interest cost	**1.2**	1.1	1.2
Current service cost	**0.8**	0.8	0.5
Benefits paid	**(0.3)**	(0.5)	-
Actuarial loss/(gain) arising from changes in demographic assumptions	**0.2**	1.5	(1.3)
Actuarial loss/(gain) arising from changes in financial assumptions	**0.1**	1.6	0.7
Transfer of employees	**-**	3.1	-
Settlements	**-**	(1.1)	-
Actuarial value of liabilities at 31 March	**31.3**	29.3	22.8
Pension liability	**-**	(0.6)	(0.5)
IFRIC 14 liability	**(1.0)**	(0.8)	-
Pension liability before deferred tax	**(1.0)**	(1.4)	(0.5)
Related deferred tax asset	**-**	0.2	0.1
Net pension liability	**(1.0)**	(1.2)	(0.4)

In accordance with IFRIC 14 – "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" an additional liability of £1.0m (2013 £0.8m & 2012 £nil) has been recognised to the extent that the pension asset which would arise from the minimum funding contributions payable in respect of the past service deficit is not available to the Company.

23. PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

The actual return in Focus assets for 2014 amounted to £0.6m (2013 - £3.1m, 2012 - £0.2m).

The major categories of Focus assets of the fair value of the total plan assets are, as follows:

	VGPS Focus section		
	2014	2013	2012
	£m	£m	£m
Unquoted investments:			
- Equity investments	**13.2**	12.3	2.3
- Bonds	**16.2**	14.9	5.6
- Other	**1.9**	1.5	14.4
Total assets	**31.3**	28.7	22.3

The fair values of the assets have not materially changed due to the adoption of IFRS 13.

The principal assumptions used in determining pension and post−employment medical benefit obligations for the VGPS Focus are shown below:

	2014	2013	2012
	%	%	%
Rate of increase in pensionable salaries	**2.8%**	2.8% p.a	3.6% p.a
Rate of increase in pensions in payment	**2.3%**	2.3% p.a	2.1% p.a
Discount rate	**4.3%**	4.3% p.a	4.95% p.a
Inflation assumption (based on CPI)	**2.3%**	2.3% p.a	2.1% p.a
Life expectancy:			
- current pensioners (at age 60) – males	**26.0 years**	25.7 years	25.3 years
- current pensioners (at age 60) – females	**28.7 years**	28.5 years	28.0 years
- future pensioners (at age 60) – males	**28.2 years**	27.7 years	27.0 years
- future pensioners (at age 60) – females	**30.6 years**	30.5 years	29.7 years

The life expectancy assumptions are based on standard actuarial mortality tables and include an allowance for future improvements in life expectancy.

23. PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

A quantitative sensitivity analysis for significant assumption as at 31 March 2014 is as shown below:

Assumptions	**Increase in pensionable salaries**		**Increase in pension payments**		**Discount rate**	
Sensitivity level	1% increase £m	1% decrease £m	0.5% increase £m	0.5% decrease £m	0.5% increase £m	0.5% decrease £m
Impact on the net defined benefit obligation	1.6	(1.5)	2.0	(1.8)	(2.5)	2.9

Assumptions	**Inflation assumption**		**Life expectancy of male pensioners**		**Life expectancy of female pensioners**	
Sensitivity level	1% increase £m	1% decrease £m	Increase by 1 year £m	Decrease by 1 year £m	Increase by 1 year £m	Decrease by 1 year £m
Impact on the net defined benefit obligation	4.0	(3.5)	0.3	(0.3)	0.4	(0.4)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to be made in the future years out of the defined benefit plan obligation:

	2014 £m	2013 £m	2012 £m	2011 £m
Within the next 12 months (next annual reporting period)	**2.4**	2.4	1.1	1.1
Between two and five years	**9.4**	9.4	4.4	4.4
Between five and ten years	**6.8**	8.0	4.0	4.3
Beyond ten years	**-**	1.1	1.6	3.2
Total expected payments	**18.6**	20.9	11.1	13.0

The average duration of the defined benefit plan obligation at the end of the reporting period is 18 years (2013 - 18 years, 2012 - 19 years).

24. PROVISIONS

	Decommissioning £m	Liabilities and damage claims £m	Total £m
At 1 April 2011	10.2	0.1	10.3
Foreign exchange adjustment	(0.6)	-	(0.6)
Increase	3.1	-	3.1
Unwinding of discount	0.2	-	0.2
Disposal of subsidiaries	(2.3)	-	(2.3)
At 1 April 2012	10.6	0.1	10.7
Foreign exchange adjustment	0.2	-	0.2
Increase	0.5	-	0.5
Unwinding of discount	0.1	-	0.1
At 1 April 2013	11.4	0.1	11.5
Foreign exchange adjustment	(0.3)	-	(0.3)
Increase	0.1	-	0.1
Unwinding of discount	0.3	-	0.3
Changes in the discount rate	(0.3)	-	(0.3)
At 31 March 2014	**11.2**	**0.1**	**11.3**
Non-current	11.2	0.1	11.3

Liability and damage claims
Notwithstanding the intention of the directors to defend vigorously claims made against the Group, liability and damage claim provisions have been made which represent the directors' best estimate of costs expected to arise from ongoing third party litigation matters and employee claims. These provisions are expected to be utilised within a period not exceeding four years.

Decommissioning
Provision has been made for decommissioning generation assets. The provision represents the present value of the current estimated costs of closure of the plants at the end of their useful economic lives. The provisions have been discounted using a rate of 2.448 % (2013 – 2.32%, 2012 - 2.52%) and are expected to be utilised within a period not exceeding twenty three years.

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Derivative financial assets

Derivatives at fair value through other comprehensive income	**2014 £m**	2013 £m	2012 £m	1 April 2011 £m
Cash flow hedges:				
Foreign exchange forward contracts	**1.9**	1.3	2.3	2.6
Commodity swap contracts	**6.5**	8.4	4.6	36.9
Interest rate swap contracts	**0.3**	-	-	1.5
Total derivatives at fair value through other comprehensive income	**8.7**	9.7	6.9	41.0
Derivatives at fair value through profit and loss				
Derivatives not designated as hedges:				
Cross currency swap contracts	**-**	0.9	-	-
Interest rate swap contracts	**-**	-	-	0.3
Total derivatives at fair value through profit and loss	**-**	0.9	-	0.3
Total derivative financial assets	**8.7**	10.6	6.9	41.3
Total non-current	**0.5**	0.8	0.1	3.4
Total current	**8.2**	9.8	6.8	37.9

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Derivative financial liabilities

Derivatives at fair value through other comprehensive income	**2014 £m**	2013 £m	2012 £m	1 April 2011 £m
Cash flow hedges:				
Foreign exchange forward contracts	**(1.9)**	(5.9)	(1.9)	(3.4)
Commodity swap contracts	**(10.6)**	(4.0)	(3.1)	(4.5)
Interest rate swap contracts	**(1.5)**	-	-	(9.9)
Total derivatives at fair value through other comprehensive income	**(14.0)**	(9.9)	(5.0)	(17.8)
Derivatives at fair value through profit and loss				
Derivatives not designated as hedges:				
Commodity swap contracts	**(6.0)**	(1.5)	-	(0.4)
Cross currency swap contracts	**(12.4)**	-	(8.5)	-
Interest rate swap contracts	**-**	-	(0.5)	(28.4)
Total derivatives at fair value through profit and loss	**(18.4)**	(1.5)	(9.0)	(28.8)
Total derivative financial liabilities	**(32.4)**	(11.4)	(14.0)	(46.6)
Total non-current	**(12.9)**	(1.6)	(8.6)	(23.2)
Total current	**(19.5)**	(9.8)	(5.4)	(23.4)

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

HEDGING ACTIVITIES AND DERIVATIVES

CASH FLOW HEDGES

Cash flow hedges are derivative contracts entered into to hedge a forecast transaction or cash flow risk generally arising from a change in interest rates, commodity rates or foreign currency exchange rates and which meets the effectiveness criteria prescribed by IAS 39. The Group's accounting policy for cash flow hedges is set out in note 3. The table below summarises the gains and losses recognised during the year.

	2014 £m	2013 £m	2012 £m
(Loss)/gain included in equity	(4.6)	0.2	2.3
Net (loss)/gain due to remeasurements	(13.8)	1.7	(34.2)
(Loss)/gain transferred from equity to the income statement in respect of:			
Completed hedges	(7.8)	3.5	(7.9)
Contracts in subsidiaries that were disposed of	-	-	(5.5)
	(7.8)	3.5	(13.4)
Recognised within:			
Operating costs	(7.7)	3.5	4.8
Finance costs	(0.1)	-	(18.2)
	(7.8)	3.5	(13.4)

FAIR VALUE THROUGH PROFIT AND LOSS

The Group has derivative contracts that are not accounted for as hedges under IAS 39. The table below summarises the gains and losses recognised on these contracts in the income statement during the year.

	2014 £m	2013 £m	2012 £m
Net (loss)/gain due to remeasurements	(17.0)	8.2	(20.9)

HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS

Included in financial liabilities at 31 March 2014 was €283.9m (2013 - €313.0m) Euro denominated Senior secured notes and which has been designated as a hedge of the net investments in foreign subsidiaries of the group. This borrowing is being used to hedge the Group's exposure to the Euro / Sterling foreign exchange risk on these investments. Gains or losses on the retranslation of these borrowings are transferred to other comprehensive income to offset gains or losses on retranslation of the net investments in the subsidiaries. There is no ineffectiveness in the years ended 31 March 2014, 31 March 2013 and 31 March 2012.

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FAIR VALUES

A summary of the financial assets and liabilities of the Group where their fair value differ from their carrying values is as follows:

	2014 Carrying value £m	2014 Fair value £m	2013 Carrying value £m	2013 Fair value £m	2012 Carrying value £m	2012 Fair value £m
Senior secured notes	**(346.5)**	**(412.8)**	(397.1)	(459.2)	(378.1)	(392.6)

The carrying value of cash, trade receivables, trade payables and other current assets and liabilities is equivalent to fair value due to the short term maturities of these items. Contingent consideration is measured at its fair value.

The fair value of the Group's project financed bank facilities (ROI), project financed bank facilities (NI) and Senior revolving credit facility are determined by using discounted cash flows based on the Group's borrowing rate. The fair value of the Group's Senior secured notes are based on the quoted market price. The fair value of interest rate swaps, foreign exchange forward contracts, foreign exchange cross currency swaps and commodity contracts has been valued by calculating the present value of future cash flows, estimated using forward rates from third party market price quotations.

The fair value of the Group's project financed bank facilities (RoI) and project financed bank facilities (NI) are a close approximation to their carrying value.

Included in financial liabilities at 31 March 2014 was a non-interest bearing loan from parent undertaking of £350.0m (2013 - £350.0m, 2012 - £463.3m) which is being carried at its fair value of £160.3m (2013 - £140.6m, 2012 - £163.4m) determined by using discounted cash flows based on the Group's borrowing rate.

Included in financial assets at 31 March 2014 was a non-interest bearing asset due from parent undertaking of £343.1m (2013 - £342.8m, 2012 - £336.9m) which is being carried at its fair value of £144.8m (2013 - £123.8m, 2012 - £99.9m) determined by using discounted cash flows based on the Group's borrowing rate.

The Group uses the hierarchy as set out in IFRS 7 Financial Instruments: Disclosures for determining the fair value of derivatives by valuation technique:

Level 1: quoted unadjusted prices in active markets for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are either observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of Senior secured notes, subordinated shareholder loan, interest rate swaps, foreign exchange forward contracts, foreign exchange cross currency swaps and commodity contracts at 31 March 2014, 31 March 2013 and 31 March 2012 are considered by the Group to fall within the level 2 fair value hierarchy. There have been no transfers between hierarchy.

The fair value of contingent consideration is considered by the Directors to fall within the level 3 fair value hierarchy and is measured using the present value of the probability-weighted average of pay outs associated with each possible outcome arising from the timing and cost milestones associated with grid connection and commissioning timelines set out in the relevant purchase agreement. An amount of £0.5m recognised at 31 March 2014 in respect of the contingent consideration due under one of these acquisitions has been agreed and settled in May 2014. Management have estimated that using reasonably possible alternative assumptions the amount payable in respect of the remaining contingent consideration obligation would not be materially different to the maximum amount of £1.7m recognised at acquisition. Given the magnitude of the amounts concerned and the expected timing of payments the impact of discounting is not material.

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

A summary of the Group's financial management objectives and policies is set out in the financial control section of the risk management and principal risks and uncertainties report. The following table summarises the maturity profile of the Group's trade and other payables, financial liabilities and derivatives based on contractual undiscounted payments:

	Within one year £m	1 to 5 years £m	>5 years £m	**Total £m**	**Carrying Value Total £m**
Year ended 31 March 2014					
Trade and other payables	**(236.6)**	**-**	**-**	**(236.6)**	**(236.6)**
Financial liabilities	**(45.8)**	**(437.5)**	**(858.6)**	**(1,341.9)**	**(749.4)**
Derivatives at fair value through other comprehensive income	**(4.4)**	**(1.2)**	**0.3**	**(5.3)**	**(5.3)**
Derivative at fair value through profit and loss	**(6.9)**	**(11.5)**	**-**	**(18.4)**	**(18.4)**
	(293.7)	**(450.2)**	**(858.3)**	**(1,602.2)**	**(1,009.7)**
Year ended 31 March 2013					
Trade and other payables	(267.1)	-	-	(267.1)	(267.1)
Financial liabilities	(48.9)	(540.4)	(840.7)	(1,430.0)	(733.8)
Derivatives at fair value through other comprehensive income	1.0	(1.2)	-	(0.2)	(0.2)
Derivative at fair value through profit and loss	(1.0)	0.4	-	(0.6)	(0.6)
	(316.0)	(541.2)	(840.7)	(1,697.9)	(1,001.7)
Year ended 31 March 2012					
Trade and other payables	(247.1)	-	-	(247.1)	(247.1)
Financial liabilities	(101.6)	(535.1)	(865.8)	(1,502.5)	(771.3)
Derivatives at fair value through other comprehensive income	1.9	-	-	1.9	1.9
Derivative at fair value through profit and loss	(0.5)	(8.5)	-	(9.0)	(9.0)
	(347.3)	(543.6)	(865.8)	(1,756.7)	(1,025.5)

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net.

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

At 31 March 2014, the Group is exposed to future changes in the fair value of unsettled derivative financial instruments and certain other financial liabilities. The sensitivity analysis for the market risks showing the impact on profit before tax and equity is set out below. These sensitivities are based on an assessment of market rate movements during the year and each is considered to be a reasonably possible range.

			Impact on profit		Impact on equity	
	Sensitivity	Change	Increase £m	Decrease £m	Increase £m	Decrease £m
At 31 March 2014						
Foreign exchange forward contracts	Euro exchange rate	+/-5%	**-**	**-**	**(2.0)**	**2.2**
Gas swaps	price per therm	+/-10p	**1.7**	**(1.7)**	**(3.9)**	**3.9**
Interest rate swaps	Libor/ Euribor	+/- 0.25%	**-**	**-**	**2.3**	**(2.6)**
Cross currency swaps	USD exchange rate	+/-5%	**(8.2)**	**9.0**	**-**	**-**
Project financed bank facilities	Libor/ Euribor	+/- 0.25%	**-**	**-**	**-**	**-**
Senior secured notes denominated in USD	USD exchange rate	+/-5%	**-**	**-**	**6.5**	**(6.8)**
Senior secured notes denominated in Euro	Euro exchange rate	+/-5%	**-**	**-**	**11.2**	**(11.7)**
At 31 March 2013						
Foreign exchange forward contracts	Euro exchange rate	+/-5%	-	-	(3.0)	3.3
Gas swaps	price per therm	+/-10p	-	-	(2.2)	2.2
Cross currency swaps	USD exchange rates	+/-5%	(10.7)	11.8	-	-
Senior secured notes denominated in USD	USD exchange rate	+/-5%	-	-	7.8	(8.2)
Senior secured notes denominated in Euro	Euro exchange rate	+/-5%	-	-	12.6	(13.2)
At 31 March 2012						
Foreign exchange forward contracts	Euro exchange rate	+/-5%	-	-	(1.2)	1.3
Gas swaps	price per therm	+/-10p	-	-	3.9	(3.9)
Cross currency swaps	USD exchange rate	+/-5%	(10.7)	11.8	-	-
Interest rate swaps	Libor/ Euribor	+/- 0.25%	-	-	-	-
Senior secured notes denominated in USD	USD exchange rate	+/-5%	-	-	7.5	(7.8)
Senior secured notes denominated in Euro	Euro exchange rate	+/-5%	-	-	12.4	(13.0)

26. SHARE CAPITAL AND RESERVES

	Ordinary Shares Number	***Ordinary shares £***
Authorised share capital – ordinary shares of £1.00	50,000	50,000
At 1 April 2011, 31 March 2012, 2013 and 2014	50,000	50,000
Allotted and fully paid		
Share capital issued – ordinary shares of £1.00	1,510	1,510
At 1 April 2011, 31 March 2012, 2013 and 2014	1,510	1,510

Nature and purpose of reserves

Share capital and share premium
The balances classified as share capital and share premium represents the proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising £1 ordinary shares.

Capital contribution reserve
This balance relates to capital contributed by the Company's parent undertaking other than through the proceeds of the issue of shares.

Hedge reserve
The hedge reserve is used to record the unrealised gains and losses incurred on derivatives designated as cash flow hedges.

Foreign currency reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries offset by exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment in foreign subsidiaries.

Reserves
Analysis by item recognised in other comprehensive income for each component of equity:

2014	Foreign currency reserve £m	Cashflow hedge reserve £m	Retained earnings £m	**Total Equity £m**
Actuarial loss on defined benefit pension schemes (net of tax)	**-**	**-**	**(1.0)**	**(1.0)**
Exchange loss on translation of foreign operations	**(1.5)**	**-**	**-**	**(1.5)**
Net loss on cash flow hedges (net of tax)	**-**	**(4.0)**	**-**	**(4.0)**
Other comprehensive loss for the year	**(1.5)**	**(4.0)**	**(1.0)**	**(6.5)**
2013				
Actuarial loss on defined benefit pension schemes (net of tax)	-	-	(1.7)	(1.7)
Exchange loss on translation of foreign operations	(0.5)	-	-	(0.5)
Net loss on cash flow hedges (net of tax)	-	(4.3)	-	(4.3)
Other comprehensive loss for the year	(0.5)	(4.3)	(1.7)	(6.5)
2012				
Actuarial loss on defined benefit pension schemes (net of tax)	-	-	(0.3)	(0.3)
Exchange gain on translation of foreign operations	2.7	-	-	2.7
Net loss on cash flow hedges (net of tax)	-	(15.9)	-	(15.9)
Other comprehensive income/(loss)for the year	2.7	(15.9)	(0.3)	(13.5)

27. NOTES TO GROUP CASH FLOW STATEMENT

	2014	2013	2012
	£m	£m	£m
Operating activities			
Loss before tax from continuing operations	**(44.2)**	-	(17.5)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment	**48.0**	15.9	22.7
Amortisation and impairment of intangible assets	**3.4**	2.8	3.0
Amortisation of contributions in respect of property, plant and equipment	**(0.3)**	(0.3)	-
Gain on disposal of continuing operations	**(1.6)**	(0.4)	(11.0)
Derivatives at fair value through income statement	**17.0**	(8.2)	20.9
Net finance costs	**70.6**	84.4	50.9
Exceptional finance costs	**-**	-	21.0
Defined benefit charge less contributions paid	**(1.5)**	(1.3)	(1.0)
Revaluation of emission assets	**-**	8.5	-
Share of loss in associates	**0.4**	0.9	-
Cash generated from operations before working capital movements	**91.8**	102.3	89.0

Net cash flow from operating activities in 2014 includes exceptional cash outflows of £3.3m in respect of the payment of bid costs (2013 - £nil, 2012 - £nil) and £nil in respect of the payment of carbon revenue levy costs (2013: £1.8m, 2012 - £nil).

28. ANALYSIS OF NET DEBT

	Cash and cash equivalents	Short term managed funds	Loan receivable from fellow subsidiary	Debt due within one year	Debt due after more than one year	Junior bank facility asset	Loan notes	**Total**
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 April 2011	58.4	1.3	116.6	(890.2)	(33.5)	-	(13.9)	(761.3)
Cash flow	(21.6)	-	-	268.8	(385.3)	-	13.9	(124.2)
Non–cash movement	-	-	2.8	0.4	24.8	-	-	28.0
Reclassification	-	-	-	543.2	(543.2)	-	-	-
Acquisition of subsidiary	-	-	(116.2)	-	(221.3)	337.5	-	-
Translation difference	(2.7)	-	(3.2)	19.4	4.0	(0.6)	-	16.9
Disposal of subsidiaries	-	-	-	-	141.7	-	-	141.7
Capital contribution/(distribution) arising on fair value adjustment	-	-	-	-	299.9	(236.9)	-	63.0
At 31 March 2012	34.1	1.3	-	(58.4)	(712.9)	99.9	**-**	(636.0)
Cash flow	14.4	0.1	-	55.0	-	-	-	69.5
Non–cash movement	-	-	-	2.3	(8.4)	-	-	(6.1)
Capitalisation of interest on subordinated shareholder loan	-	-	-	-	(22.3)	-	-	(22.3)
Translation difference	0.4	-	-	-	(11.7)	2.2	-	(9.1)
Renewables restructuring	-	-	-	-	(12.3)	-	-	(12.3)
Equitisation of shareholder loan	-	-	-	-	125.5	-	-	125.5
Capital distribution on fair value adjustment	-	-	-	-	(73.3)	-	**-**	(73.3)
Unwinding of discount on shareholder loan	-	-	-	-	(17.2)	-	**-**	(17.2)
Unwinding of discount on Junior bank facility asset	-	-	-	-	-	21.7	**-**	21.7
At 31 March 2013	48.9	1.4	-	(1.1)	(732.7)	123.8	**-**	(559.7)
Cash flow	(21.8)	-	-	(0.4)	21.4	-	-	(0.8)
Non–cash movement	-	-	-	-	(5.8)	-	-	(5.8)
Capitalisation of interest on subordinated shareholder loan	-	-	-	-	(27.3)	-	-	(27.3)
Translation difference	(0.8)	-	-	(0.1)	18.5	(3.6)	-	14.0
Unwinding of discount on shareholder loan	-	-	-	-	(19.7)	-	-	(19.7)
Unwinding of discount on Junior bank facility asset	-	-	-	-	-	24.6	-	24.6
At 31 March 2014	**26.3**	**1.4**	**-**	**(1.6)**	**(745.6)**	**144.8**	**-**	**(574.7)**

29. LEASE OBLIGATIONS

Operating lease commitments — Group as lessee

The Group has entered into operating lease arrangements for the hire of equipment and buildings as these arrangements are a cost efficient way of obtaining the short term benefits of these assets. The Group rental charges in respect of these arrangements are disclosed in note 5. The Group's annual commitment under these leases is disclosed below:

Future minimum rentals payable under non−cancellable operating leases as at 31 March are, as follows:

	2014	2013	2012
	£m	£m	£m
Within one year	**0.6**	0.4	0.4
After one year but not more than five years	**2.0**	1.4	1.0
More than five years	**4.0**	3.6	3.7
	6.6	5.4	5.1

Availability payments to generators

The Group has also entered into generating contracts with generating companies in Northern Ireland to make payments for the availability of generating capacity as well as for the purchase of electricity generated. The contracts are with AES Ballylumford Limited and they expire in September 2018 but the Company has an option to extend them by five years to 2023.

Estimated availability payments to generators, which are dependent on the availability of the generators and are therefore variable in nature are as follows:

	2014	2013	2012
	£m	£m	£m
Within one year	**25.9**	25.1	30.8
After one year but not more than five years	**86.4**	105.6	105.2
More than five years	**-**	9.2	37.4
	112.3	139.9	173.4

On 19 March 2014 the Utility Regulator published a consultation paper on the possible cancellation of the AES Ballylumford contracts with effect from December 2014 based on their economic assessment of the contracts. The Group disagree with the Utility Regulator's assessment and have strongly challenged the Utility Regulator's analysis and highlighted areas of significant value to Northern Ireland customers through the retention of these contracts. A final decision is expected shortly.

30. COMMITMENTS AND CONTINGENT LIABILITIES

(i) Capital commitments

At 31 March 2014 the Group had contracted future capital expenditure in respect of tangible fixed assets of £22.0m (2013 - £8.1m, 2012 - £0.5m).

(ii) Contingent liabilities

Protected persons
The Group has contingent liabilities in respect of obligations under the Electricity (Protected Persons) Pensions Regulations (Northern Ireland) 1992 to protect the pension rights of employees of NIE plc at privatisation. This includes members employed in companies which have subsequently been disposed of by the Group. The Group does not anticipate that any liability will arise.

Generating contracts
Under the terms of the PPB generating contracts, where modifications to generating equipment are necessary as a result of a change in law and a generator is unable to procure the necessary financing, PPB must either provide such finance or pay the costs incurred by the generator in carrying out such modifications. The costs incurred by PPB in meeting these obligations are recoverable under the applicable provisions of the Power NI Energy licence, but would require to be financed by PPB until such recovery is achieved. The Group does not anticipate any liability for modifications which require financing and no provision has been made.

Liability and damage claims
In the normal course of business the Group has contingent liabilities arising from claims made by third parties and employees. Provision for a liability is made (as disclosed in note 6) when the directors believe that it is probable that an outflow of funds will be required to settle the obligation where it arises from an event prior to the year end. The Group does not anticipate that any material liabilities will arise other than those recognised in the accounts.

31. DISTRIBUTIONS MADE AND PROPOSED

No dividends have been paid or proposed for the year ended 31 March 2014 (2013: £nil, 2012: £nil).

32. RELATED PARTY TRANSACTIONS

Note 16 above provides the information about the Group's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

32. RELATED PARTY TRANSACTIONS (continued)

		Services to related parties £m	Purchase from related parties £m	Amounts owed by related parties £m	Amounts owed to related parties £m
Associates:	**2014**	**1.4**	**(12.8)**	**-**	**(2.4)**
	2013	1.1	(10.8)	-	(2.3)
	2012	-	-	0.1	(0.6)

		Interest receivable £m	Amounts owed by related parties £m
Loans to related parties:			
Associate: Eco Wind Power Limited	**2014**	**0.8**	**10.5**
	2013	0.6	10.3
	2012	0.2	0.2
Associate: IIF Cyclone NI Holdco Limited	**2014**	**0.2**	**1.9**
	2013	0.2	2.6
	2012	-	-

Transactions with associates
The Group has two associate undertakings, EWP and IIF Cyclone.

As outlined in note 15, on 14 March 2012, the Group completed the sale of 100% of IIF Cyclone and 50% of EWP and certain of their subsidiaries to an affiliated entity (Windco) under the control of the Group's immediate parent undertaking, ElectricInvest I Limited. On 15 June 2012 the Group acquired its 20% holding in IIF Cyclone NI Holdco Limited from an affiliated entity (Windco) with the consideration for this purchase being a £3.2m loan payable. The Group also reduced its holding in EWP from 50% to 25%. As part of these transactions the Group acquired loans owing by these associates amounting to £2.5m and £4.3m to IIF Cyclone and EWP, respectively. These loans remain outstanding at 31 March 2014 and are included as part of the Group's overall investment in associates as disclosed in note 14 to the accounts. The contractual amount of the loan owed by EWP is £10.5m (2013 - £10.3m) at 31 March 2014, however the carrying value reflected in the Group's balance sheet reflects the Directors expectations regarding the level of recovery of this amount.

Tangible fixed assets and cash amounting to £0.5m and £0.8m, respectively, were also transferred to the Group from EWP in the year ended 31 March 2013. Further as disclosed in note 15, during the year ended 31 March 2013 the Group acquired the entire issued share capital of MDS from EWP. The consideration for these transfers of £1.2m was left outstanding as a loan payable to EWP and was subsequently novated to a fellow subsidiary of the Group.

Capital contributions
A capital contribution of £299.9m arose in the year ended 31 March 2012 on initial recognition of a £463.3m interest free loan from Viridian Group Holdings Limited, the Company's parent undertaking, in respect of the difference between this loan and its fair value. A further capital contribution of £125.5m arose on the waiver of a portion of the loan owed to Viridian Group Holdings Limited in the year ended 31 March 2013.

In the year ended 31 March 2012 a partial distribution of the capital contribution reserve arose through the £236.9m difference arising on recognition of the investment in Viridian Group Holdings Limited's junior bank facility B and the fair value of that investment. In the year ended 31 March 2013 on repayment of £113.2m of part of the loan owed to Viridian Group Holdings Limited, £73.3m of this capital contribution was in effect distributed to the parent.

32. RELATED PARTY TRANSACTIONS (continued)

Transactions with key management personnel
Compensation of key management personnel of the Group

	2014	2013	2012
	£m	£m	£m
Short term employee benefits	1.9	1.9	2.6
Post−employment pension and medical benefits	0.2	0.1	0.1
Total compensation paid to key management personnel	2.1	2.0	2.7

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

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33. FIRST TIME ADOPTION OF IFRS

These financial statements, for the year ended 31 March 2014, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 March 2013, the Group prepared its financial statements in accordance with UK GAAP.

Accordingly, the Group has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 March 2014, together with the comparative period data as at and for the years ended 31 March 2013 and 31 March 2012 as described in the accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 April 2011, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its UK GAAP Balance Sheet as at 1 April 2011 and its previously published UK GAAP financial statements as at and for the year ended 31 March 2013.

Exemptions applied

IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain IFRS. The Group has applied the following exemptions:

- IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses for IFRS, or of interests in associates and joint ventures that occurred before 1 April 2011. Use of this exemption means that the UK GAAP carrying amounts of assets and liabilities, which are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS.

- Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 April 2011.

Estimates

The estimates at 1 April 2011, 31 March 2012 and 31 March 2013 are consistent with those made for the same dates in accordance with UK GAAP (after adjustments to reflect any differences in accounting policies).

IFRS reclassifications

A number of reclassification adjustments have been made to the income statement and balance sheet. The principal reclassifications from UK GAAP to IFRS are:

- IAS 1 Presentation of Financial Statements

  Under IFRS, the current and non-current components of trade and other receivables/payables, provisions and deferred income are required to be shown separately. This was not a requirement under UK GAAP. Short term bank deposits have been reclassified from other current financial assets and into cash and cash equivalents.

- IAS 7 Cash Flow Statement

  The IFRS cash flow statement is presented in a different format from that required under UK GAAP with cash flows split into three categories - operating activities, investing activities and financing activities. The change in presentation has no net impact on the Group's underlying cash flows or business strategy.
  In the cash flow statement under IFRS, cash and cash equivalents include cash at bank and in hand, short term deposits and short term managed funds with maturity of three months or less.

33. FIRST TIME ADOPTION OF IFRS (continued)

- IAS 12 Income Taxes

  Under UK GAAP, deferred tax assets were netted against deferred tax liabilities. Under IFRS, deferred tax assets are included in non-current assets.

- IAS 21 The Effects of Changes in Foreign Exchange Rates

  Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 April 2011.

IFRS adjustments

The adjustments that have been made to the Group's figures as previously reported under UK GAAP are explained below:

- IAS 39 Recognition and Measurement of Financial Instruments

  IAS 39 requires the fair value of derivatives including foreign currency and commodity contracts and interest rate swap agreements to be accounted for as assets or liabilities on the balance sheet. The application of IAS 39 resulted in the recognition of derivative financial assets of £41.3m and liabilities of £46.6m in both cases before deferred tax, at 1 April 2011.

  At 1 April 2011, 31 March 2012 and 31 March 2013 the Group has assessed whether its derivatives met the hedge accounting requirements of IAS 39 and hence could be designated and accounted for as effective hedges of future cash flows in accordance with the Group's policy on derivative financial instruments and hedge accounting set out in note 3(j) to the revised consolidated financial statements. In accordance with that policy and in restating the Group's revised consolidated financial statements from UK GAAP to IFRS, cumulative changes in the fair value of derivatives not assessed as effective cash flow hedges were recognised within retained earnings through profit and loss for the year, with the cumulative changes in the fair value of derivatives assessed as effective cash flow hedges recognised within the hedge reserve through other comprehensive income.

  This adjustment results in the recognition of derivative financial assets of £10.6m and liabilities of £11.4m in both cases before deferred tax, at 31 March 2013.

- IAS 38 Intangible assets

  IAS 38 requires goodwill to be allocated to a CGU with each CGU to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and which is not larger than an operating segment determined in accordance with IFRS 8.

  Whilst under UK GAAP there was no impairment of goodwill at the overall Group level allocation of goodwill at the CGU level at 1 April 2011 has indicated an impairment of £45.0m within the Huntstown generation CGU upon transition to IFRS.

  Under IFRS goodwill is not amortised and it is regarded as having an indefinite life subject to a formal annual impairment review. This adjustment results in the add back of amortised goodwill of £19.6m at 31 March 2013 together with the add back of amortised goodwill in an associate of £0.4m

- Foreign currency translation

  Under Local GAAP, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 April 2011. The resulting adjustment was recognised against retained earnings.

33. FIRST TIME ADOPTION OF IFRS (continued)

IFRS adjustments (continued)

- Foreign currency translation (continued)

  Under Local GAAP certain tranches of the USD denominated Senior secured notes ("the USD notes") were translated at related the cross currency swap rates . As required by IAS 21 The Effects of Changes in Foreign Exchange Rates, on conversion to IFRS these USD notes are translated at the spot rate of exchange at each reporting date with the resulting exchange difference recognized in finance costs within profit or loss. Further, exchange gain or losses arising on a tranche of the USD notes were under Local GAAP treated as part of the hedge of the Group's net investment of a foreign operation and hence recognised within other comprehensive income rather than in profit or loss. On conversion to IFRS this treatment is no longer appropriate and these amounts have been reclassified to finance costs within profit or loss.

- Statement of cash flows

  The transition from Local GAAP to IFRS has not had a material impact on the statement of cash flows.

- IFRIC 14

  Transition to IFRS has resulted in the recognition of an additional pension liability under IFRIC 14 at 31 March 2013 and 31 March 2014.

  In accordance with IFRIC 14 – "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" an additional pension liability of £0.8m in March 2013 and £1.0m in March 2014 has been recognised to the extent that the pension asset which would arise from the minimum funding contributions payable in respect of the past service deficit is not available to the Company.

- Non interest bearing financial assets and liabilities

  Transition to IFRS has resulted in the non-interest bearing subordinated shareholder loan and the non-interest bearing Junior bank facility asset being re-stated to their fair values as at 31 March 2012 by using discounted cash flows based on the Group's borrowing rate.

  This adjustment also results in an interest receivable and an interest payable being recognised in the Income statement for the year ended 31 March 2013 and 31 March 2014 relating to the unwinding of the discount so that the Junior bank facility asset and subordinated shareholder loan are stated at the amount receivable and payable at their redemption date.

33. FIRST TIME ADOPTION OF IFRS (continued)

Analysis of IFRS adjustments to the Group Balance Sheet at 1 April 2011 (date of transition to IFRS)

	UK GAAP*	IFRS reclassifications	IFRS adjustments	IFRS as at 1 April 2011
	£m	£m	£m	£m
ASSETS				
Non-current assets:				
Property, plant and equipment	402.5	-	-	402.5
Intangible assets	563.1	-	(45.0)	518.1
Derivative financial instruments	-	-	3.4	3.4
Other non-current financial assets	117.5	-	-	117.5
Deferred tax assets	-	3.5	1.3	4.8
	1,083.1	3.5	(40.3)	1,046.3
Current assets:				
Inventories	10.5	-	-	10.5
Trade and other receivables	216.0	(3.9)	-	212.1
Derivative financial instruments	-	-	37.9	37.9
Other current financial assets	43.2	(38.0)	-	5.2
Cash and cash equivalents	16.5	41.9	-	58.4
	286.2	-	37.9	324.1
TOTAL ASSETS	1,369.3	3.5	(2.4)	1,370.4
LIABILITIES				
Current liabilities:				
Trade and other payables	(276.6)	7.1	-	(269.5)
Income tax payable	-	(7.1)	-	(7.1)
Financial liabilities	(904.1)	-	-	(904.1)
Derivative financial instruments	-	-	(23.4)	(23.4)
	(1,180.7)	-	(23.4)	(1,204.1)
Non-current liabilities:				
Financial liabilities	(33.5)	-	-	(33.5)
Derivative financial instruments	-	-	(23.2)	(23.2)
Deferred income	(0.2)	-	-	(0.2)
Net employee defined benefit liabilities	(0.8)	(0.3)	-	(1.1)
Deferred tax liabilities	(19.5)	(3.2)	-	(22.7)
Provisions	(10.3)	-	-	(10.3)
	(64.3)	(3.5)	(23.2)	(91.0)
TOTAL LIABILITIES	(1,245.0)	(3.5)	(46.6)	(1,295.1)
NET ASSETS	124.3	-	(49.0)	75.3
Equity:				
Share capital	-	-	-	-
Share premium	510.0	-	-	510.0
Retained earnings	(385.7)	-	(67.2)	(452.9)
Hedge reserve	-		18.2	18.2
TOTAL EQUITY	124.3	-	(49.0)	75.3

* This column represents previously published results under UK GAAP in IFRS format

33. FIRST TIME ADOPTION OF IFRS (continued)

Analysis of IFRS adjustments to the Group Balance Sheet at 31 March 2013

	UK GAAP* £m	IFRS reclassifications £m	IFRS adjustments £m	IFRS as at 31 March 2013 £m
ASSETS				
Non-current assets:				
Property, plant and equipment	301.5	-	-	301.5
Intangible assets	474.2	-	19.6	493.8
Investment in an associate	9.8	-	(1.7)	8.1
Derivative financial instruments	-	-	0.8	0.8
Other non-current financial assets	343.5	-	(219.0)	124.5
Deferred tax assets	-	12.9	0.6	13.5
	1,129.0	12.9	(199.7)	942.2
Current assets:				
Inventories	5.1	-	-	5.1
Trade and other receivables	202.6	(3.5)	-	199.1
Derivative financial instruments	-	-	9.8	9.8
Other current financial assets	25.6	(20.7)	-	4.9
Cash and cash equivalents	24.7	24.2	-	48.9
	258.0	-	9.8	267.8
TOTAL ASSETS	1,387.0	12.9	(189.9)	1,210.0
LIABILITIES				
Current liabilities:				
Trade and other payables	(271.2)	4.1	-	(267.1)
Income tax payable	-	(4.1)	-	(4.1)
Financial liabilities	(1.1)	-	-	(1.1)
Derivative financial instruments	-	-	(9.8)	(9.8)
Deferred income	-	(0.2)	-	(0.2)
	(272.3)	(0.2)	(9.8)	(282.3)
Non-current liabilities:				
Financial liabilities	(937.4)	-	204.7	(732.7)
Derivative financial instruments	-	-	(1.6)	(1.6)
Deferred income	(1.2)	0.2	-	(1.0)
Net employee defined benefit	(0.4)	(0.2)	(0.8)	(1.4)
Deferred tax liabilities	(5.8)	(12.7)	(1.0)	(19.5)
Provisions	(11.5)	-	-	(11.5)
	(956.3)	(12.7)	201.3	(767.7)
TOTAL LIABILITIES	(1,228.6)	(12.9)	191.5	(1,050.0)
NET ASSETS	158.4	-	1.6	160.0
Equity:				
Share capital	-	-	-	-
Share premium	510.0	-	-	510.0
Retained earnings	(477.1)	-	11.7	(465.4)
Capital contribution reserve	125.5	-	(10.3)	115.2
Hedge reserve	-	-	(2.0)	(2.0)
Foreign currency translation reserve	-	-	2.2	2.2
TOTAL EQUITY	158.4	-	1.6	160.0

* This column represents previously published results under UK GAAP in IFRS format

33. FIRST TIME ADOPTION OF IFRS (continued)

Group reconciliation of Income Statement for the year ended 31 March 2013

	UK GAAP £m	IFRS adjustments £m	IFRS year ended 31 March 2013 £m
Continuing operations:			
Revenue	1,603.7		1,603.7
Operating costs	(1,527.0)	(1.7)	(1,528.7)
Operating profit before goodwill amortisation	76.7	(1.7)	75.0
Goodwill amortisation	(32.3)	32.3	-
Operating profit after goodwill amortisation	44.4	30.6	75.0
Finance costs	(78.0)	(19.4)	(97.4)
Finance income	1.0	21.9	22.9
Net finance cost	(77.0)	2.5	(74.5)
Profit on disposal of continuing operations	0.4	-	0.4
Share of loss of associates	(0.9)	-	(0.9)
Amortisation of goodwill in associate	(0.4)	0.4	-
(Loss)/profit before tax	(33.5)	33.5	-
Taxation	9.3	-	9.3
(Loss)/profit for the year	(24.2)	33.5	9.3

33. FIRST TIME ADOPTION OF IFRS (continued)

Group reconciliation of other comprehensive income for the year ended 31 March 2013	**UK GAAP £m**	IFRS adjustments £m	**IFRS year ended 31 March 2013 £m**
(Loss)/ profit for the year	**(24.2)**	33.5	**9.3**
Other comprehensive income/(loss)			
Items that will be reclassified subsequently to the profit or loss:			
Exchange differences on translation of foreign operations	**(4.6)**	(0.1)	**(4.7)**
Net gain on net investment hedge	**3.4**	0.8	**4.2**
Net gain on cash flow hedges	**-**	1.7	**1.7**
Transferred from equity to income statement	**-**	(3.5)	**(3.5)**
Share of associates net loss on cash flow hedges	**-**	(2.1)	**(2.1)**
Income tax effect	**-**	(0.4)	**(0.4)**
	-	(4.3)	**(4.3)**
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(1.2)**	(3.6)	**(4.8)**
Other comprehensive income/(loss) items that will not be reclassified subsequently to the profit or loss:			
Remeasurement loss on defined benefit scheme	**(1.2)**	(0.8)	**(2.0)**
Income tax effect	**0.3**	-	**0.3**
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(0.9)**	(0.8)	**(1.7)**
Other comprehensive loss for the year, net of taxation	**(2.1)**	(4.4)	**(6.5)**
Total comprehensive (loss)/income for the year	**(26.3)**	29.1	**2.8**

GLOSSARY OF TERMS

1992 Order	Electricity (Northern Ireland) Order 1992
1999 Act	Electricity Regulation Act 1999
2002 Act	Gas (Interim) (Regulation) Act 2002
2003 Order	Energy (Northern Ireland) Order 2003
2007 Act	Electricity Regulation (Amendment) (Single Electricity Market) Act 2007
AMP	AMP Capital Investors (UK) Limited
Associate	25% interest in EWP and 20% in IIF Cyclone
BEC	Benefit entitlement check
BGE	Bord Gáis Éireann
Capita	Capita Managed IT Solutions Limited
CBI	Confederation of British Industry
CCGT	combined-cycle gas turbine
CCNI	Consumer Council Northern Ireland
CER	Commission for Energy Regulation
CfDs	contracts for differences
CGU	cash generating unit
Choices	money purchase pension arrangement for employees in the RoI
CHP	Combined heat and power
CO	carbon monoxide
CO_2	carbon dioxide
Company	Viridian Group Investments Limited
CPI	Consumer Price Index in the RoI
CPM	Capacity Payment Mechanism
CPP	Complementary Pension Plan
CSR	Corporate Social Responsibility
DCENR	Department of Communications, Energy and Natural Resources in the RoI
DETI	Department of Enterprise, Trade and Investment in Northern Ireland
EAI	Electricity Association of Ireland
EBITDA	earnings before interest, tax, depreciation and amortisation
EIR	effective interest rate
EirGrid	EirGrid plc
Energia	Energia Group's competitive energy supply business
Energia Group	VPEHL and VPE
ESB	Electricity Supply Board
EU	European Union
EU ETS	EU Emissions Trading Scheme
EU Target Model	European Electricity Target Model
FIT CfD	Feed-In Tariff with Contract for Difference
EWP	Eco Wind Power and its subsidiaries
Focus	defined benefit section of VGPS
FRS	Financial Reporting Standards
GB	Great Britain
GHG	Greenhouse gas
Group	Viridian Group Investments Limited and its subsidiary undertakings
GW	gigawatt
GWh	gigawatt hour
HMRC	HM Revenue & Customs
HR	Human resources
Huntstown 1	Phase one of Huntstown Power Station - 343MW CCGT

Huntstown 2	Phase two of Huntstown Power Station - 404MW CCGT
IASB	International Accounting Standards Board
IAS	International Accounting Standard
ICT	information and communication technology
IFRS	International Financial Reporting Standards
IIF Cyclone	IIF Cyclone NI Holdco Limited (previously VRL) and its subsidiaries
IPPC	Integrated Pollution Prevention and Control
I-SEM	New integrated SEM
ISO	International Organization for Standardization
IT	Information Technology
KPI	key performance indicator
LTIR	lost time incident rate
LECs	Levy exemption certificates
MDS	MD South Wind Farm Limited
Minister	Minister for Communications, Energy and Natural Resources
MW	megawatt
MWh	megawatt hour
NIE	Northern Ireland Electricity Limited
NISEP	Northern Ireland Sustainable Energy Programme
NO_x	oxides of nitrogen
OCGT	Open Cycle Gas Turbine
OHSAS	Occupational Health and Safety Management Systems Specification
Options	money purchase section of VGPS
Power NI	Power NI Energy Supply
Power NI Energy	Power NI Energy Limited
PPA	power purchase agreement
PPB	Power Procurement business
PSO	public service obligation
RAs	Regulatory Authorities
REFIT	Renewable Energy Feed-In Tariff scheme
RMC	Risk Management Committee
RO	UK Renewable Obligation
ROCs	Renewable Obligation Certificates
RoI	Republic of Ireland
SEE	social, environmental and ethical
SEM	Single Electricity Market
SEMO	Single Electricity Market Operator
SEM Order	Electricity (Single Wholesale Market) (Northern Ireland) Order 2007
SMP	system marginal price
SO_2	sulphur dioxide
SONI	SONI Limited
SRMC	Short run marginal cost
TSO	transmission system operator
TWh	terawatt hour
UK	United Kingdom
UK GAAP	United Kingdom Generally Accepted Accounting Principles
Utility Regulator	Northern Ireland Authority for Utility Regulation
VGPS	Viridian Group Pension Scheme (2011)
VPE	Viridian Power & Energy Limited and its subsidiaries
VPEHL	Viridian Power & Energy Holdings Limited and its subsidiaries
VRL	Viridian Resources Limited (renamed IIF Cyclone) and its subsidiaries
Windco	An affiliated entity under the control of the Group's immediate parent undertaking ElectricInvest 1 Limited