Northern Ireland Electricity Networks Limited
(The NIE Networks Transmission, Distribution and Landbank Businesses)

31 March 2018

Summary Regulatory Accounts

CONTENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors of Northern Ireland Electricity Networks Limited (NIE Networks or the "Company") present these summary regulatory accounts in accordance with Condition 2 of the Company's Participate in Transmission Licence and Electricity Distribution Licence (together the "Licences").

The Company is required under the Licences to prepare regulatory accounts for each financial year which present fairly the assets, liabilities, reserves and provisions of, or reasonably attributable to, the separate businesses as defined for that purpose in the Licences and of the revenues, costs and cash flows of, or reasonably attributable to, those businesses for that period. In preparing those accounts, the Company is required:

- to conform to the best commercial accounting practices including International Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union ("EU");

- to state the accounting policies adopted; and

- not to change the bases of charge, apportionment or allocation from those applied in respect of the previous financial year unless previously directed by the Utility Regulator ("UR").

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of NIE Networks and which enable them to ensure that the regulatory accounts comply with the Licences. They are also responsible for safeguarding the assets of NIE Networks, which may for regulatory accounting purposes be allocated or apportioned to the separate businesses, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT
To the directors of Northern Ireland Electricity Networks Limited (NIE Networks or the Company) and the Northern Ireland Authority for Utility Regulation (NIAUR / the Regulator)

Report on the Regulatory Accounts

Our opinion

In our opinion, Northern Ireland Electricity Networks Limited's Summary Regulatory Accounts (the "Summary Regulatory Accounts"):

- fairly present, in accordance with Condition 2 of the Company's Regulatory Licences and the accounting policies set out on pages 12 to 17, the state of the Company's affairs at 31 March 2018 and its profit and cash flows for the year then ended; and
- have been properly prepared in accordance with Condition 2, paragraph c, of the Regulatory Licences and the accounting policies.

Basis of preparation

Without modifying our opinion, we draw attention to the general information section and the accounting policies, which describe the basis of preparation of the Summary Regulatory Accounts. The Summary Regulatory Accounts are separate from the statutory financial statements of the Company and have been prepared under the basis of Condition 2 of the Company's Licenses, and the basis of preparation accounting policies set out in note 1 and 2.

What we have audited

Northern Ireland Electricity Networks Limited's Summary Regulatory Accounts comprise:

- the Net Asset Statement as at 31 March 2018;
- the Income Statement for the year then ended;
- the Cash Flow Statement for the year then ended;
- the accounting policies and the related notes;

The financial reporting framework that has been applied in their preparation comprises the basis of preparation and accounting policies set out in the Statement of Accounting Policies.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under Condition 2 of the Company's Regulatory Licences we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; and
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches/operating locations not visited by us.

We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT
To the directors of Northern Ireland Electricity Networks Limited (NIE Networks or the Company) and the Northern Ireland Authority for Utility Regulation (NIAUR / the Regulator)

Responsibilities for the Summary Regulatory Accounts and the audit

Our responsibilities and those of the directors and the Regulator

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the Summary Regulatory Accounts and for their fair presentation in accordance with the basis of preparation and accounting policies. Our responsibility is to audit and express an opinion on the Summary Regulatory Accounts in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), except as stated in the 'What an audit of Regulatory Accounts involves' section below, and having regard to the guidance contained in Audit 02/16AAF *'Reporting to Regulators on Regulatory Accounts'* issued by the Institute of Chartered Accountants in England and Wales. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made, on terms that have been agreed, solely to the Company and the Regulator in order to meet the requirements of Condition 2 of the Company's Regulatory Licences. Our audit work has been undertaken so that we might state to the Company and the Regulator those matters that we have agreed to state to them in our report, in order (a) to assist the Company to meet its obligation under the Regulatory Licences to procure such a report and (b) to facilitate the carrying out by the Regulator of its regulatory functions, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Regulator, for our audit work, for this report or for the opinions we have formed.

What an audit of Regulatory Accounts involves

We conducted our audit in accordance with ISAs (UK). An audit involves obtaining evidence about the amounts and disclosures in the Regulatory Accounts sufficient to give reasonable assurance that the Regulatory Accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the Summary Regulatory Accounts.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the Summary Regulatory Accounts.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Summary Regulatory Accounts to identify material inconsistencies with the audited Regulatory Accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

However, we have not assessed whether the accounting policies are appropriate to the circumstances of the Company where these are laid down by the Regulatory Licences. Where the Regulatory Licences do not give specific guidance on the accounting policies to be followed, our audit includes an assessment of whether the accounting policies adopted in respect of the transactions and balances required to be included in the Regulatory Accounts are consistent with those used in the preparation of the statutory financial statements of Northern Ireland Electricity Networks Limited. Furthermore, as the nature, form and content of Summary Regulatory Accounts are determined by the Regulator, we did not evaluate the overall adequacy of the presentation of the information, which would have been required if we were to express an audit opinion under Auditing Standards.

INDEPENDENT AUDITORS' REPORT
To the directors of Northern Ireland Electricity Networks Limited (NIE Networks or the Company) and the Northern Ireland Authority for Utility Regulation (NIAUR / the Regulator)

Other matters

The nature, form and content of Summary Regulatory Accounts are determined by the Regulator. It is not appropriate for us to assess whether the nature of the information being reported upon is suitable or appropriate for the Regulator's purposes. Accordingly we make no such assessment.

Our opinion on the Summary Regulatory Accounts is separate from our opinion on the statutory financial statements of the Company for the year ended 31 December 2017 on which we reported on 9 March 2018, which are prepared for a different purpose. Our audit report in relation to the statutory financial statements of the Company (our "Statutory audit") was made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our statutory audit work was undertaken so that we might state to the Company's members those matters we are required to state to them in a statutory audit report and for no other purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume responsibility for any other purpose or to any other person to whom our statutory audit report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors,
Belfast
27 June 2018

NORTHERN IRELAND ELECTRICITY NETWORKS LIMITED
Summary Regulatory Accounts
31 March 2018

INCOME STATEMENT
for the year ended 31 March 2018

	Notes	Transmission 2018 £m	Transmission 2017 £m	Distribution 2018 £m	Distribution 2017 £m	Landbank 2018 £m	Landbank 2017 £m	Total 2018 £m	Total 2017 £m
Revenue									
Sales to Power NI		-	-	78.3	77.7	-	-	78.3	77.7
Sales to Power NI PPB		-	-	10.8	3.8	-	-	10.8	3.8
Other external sales		36.1	34.5	112.7	105.9	0.6	-	149.4	140.4
Sales to NIE Networks businesses		-	-	0.5	0.1	(0.5)	(0.1)	-	-
Sales to ESB group undertakings		-	-	20.5	13.8	-	-	20.5	13.8
Amortisation of customer contributions		3.5	3.2	12.2	11.9	-	-	15.7	15.1
Total Revenue		39.6	37.7	235.0	213.2	0.1	(0.1)	274.7	250.8
Operating costs	3	(30.9)	(25.7)	(145.6)	(129.7)	(0.1)	0.1	(176.6)	(155.3)
OPERATING PROFIT		8.7	12.0	89.4	83.5	-	-	98.1	95.5
Finance revenue		-	-	-	0.1	-	-	-	0.1
Finance costs		(5.8)	(5.6)	(33.0)	(32.6)	-	-	(38.8)	(38.2)
Net pension scheme interest		(0.5)	(0.6)	(3.1)	(3.3)	-	-	(3.6)	(3.9)
Net finance costs		(6.3)	(6.2)	(36.1)	(35.8)	-	-	(42.4)	(42.0)
PROFIT BEFORE TAX		2.4	5.8	53.3	47.7	-	-	55.7	53.5
Tax charge		(1.3)	(0.8)	(7.3)	(4.9)	-	-	(8.6)	(5.7)
PROFIT AFTER TAX		1.1	5.0	46.0	42.8	-	-	47.1	47.8

NORTHERN IRELAND ELECTRICITY NETWORKS LIMITED
Summary Regulatory Accounts
31 March 2018

NET ASSET STATEMENT

	Note	Transmission 2018 £m	Transmission 2017 £m	Distribution 2018 £m	Distribution 2017 £m	Landbank 2018 £m	Landbank 2017 £m	Total 2018 £m	Total 2017 £m
Non-current assets									
Property, plant and equipment	4	392.8	349.9	1,346.6	1,264.4	-	-	1,739.4	1,614.3
Intangible assets	5	4.4	5.0	15.0	17.9	-	-	19.4	22.9
Deferred tax asset	6	-	-	-	-	1.8	1.8	1.8	1.8
Derivative financial assets		106.2	126.6	364.1	457.4	-	-	470.3	584.0
		503.4	481.5	1,725.7	1,739.7	1.8	1.8	2,230.9	2,223.0
Current assets									
Inventories	7	3.0	3.2	10.1	11.4	-	-	13.1	14.6
Trade and other receivables	8	14.0	11.0	48.1	39.6	-	-	62.1	50.6
Derivative financial assets		18.1	3.1	61.9	11.3	-	-	80.0	14.4
Other financial assets	9	0.6	0.6	2.1	2.1	-	-	2.7	2.7
Cash and cash equivalents	10	(21.1)	(9.1)	36.9	22.8	-	-	15.8	13.7
		14.6	8.8	159.1	87.2	-	-	173.7	96.0
TOTAL ASSETS		518.0	490.3	1,884.8	1,826.9	1.8	1.8	2,404.6	2,319.0
Current liabilities									
Trade and other payables	11	17.3	25.7	59.3	92.7	-	-	76.6	118.4
Current tax		0.9	1.3	2.9	4.9	-	-	3.8	6.2
Deferred income	12	4.1	4.0	14.0	14.3	-	-	18.1	18.3
Derivative financial liabilities		18.1	3.1	61.9	11.3	-	-	80.0	14.4
Other financial liabilities	13	68.3	6.0	234.2	21.5	2.7	2.7	305.2	30.2
Short-term provisions	14	1.8	0.1	6.2	0.4	-	-	8.0	0.5
		110.5	40.2	378.5	145.1	2.7	2.7	491.7	188.0
Non-current liabilities									
Deferred income	12	112.4	95.1	385.2	343.6	-	-	497.6	438.7
Derivative financial liabilities		106.2	126.6	364.1	457.4	-	-	470.3	584.0
Other financial liabilities	13	90.0	126.2	308.6	456.0	-	-	398.6	582.2
Deferred tax liability	6	15.4	13.2	52.9	47.8	-	-	68.3	61.0
Long-term provisions	14	1.1	0.9	3.7	3.5	0.1	0.1	4.9	4.5
Pension liability		27.8	34.2	95.4	123.5	-	-	123.2	157.7
		352.9	396.2	1,209.9	1,431.8	0.1	0.1	1,562.9	1,828.1
TOTAL LIABILITIES		463.4	436.4	1,588.4	1,576.9	2.8	2.8	2,054.6	2,016.1
NET ASSETS / (LIABILITIES)		54.6	53.9	296.4	250.0	(1.0)	(1.0)	350.0	302.9

NET ASSET STATEMENT (continued)

The accounts on pages 7-30 were approved by the Company's Board of directors and signed on its behalf by:

Director:

Date: 25 June 2018

NORTHERN IRELAND ELECTRICITY NETWORKS LIMITED
Summary Regulatory Accounts
31 March 2018

CASH FLOW STATEMENT
for the year ended 31 March 2018

	Transmission		Distribution		Landbank		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m
Cash flows from operating activities:								
Profit before tax	**2.4**	5.8	**53.3**	47.7	**-**	-	**55.7**	53.5
Adjustments for:								
Net finance costs	**6.3**	6.2	**36.1**	35.8	**-**	-	**42.4**	42.0
Depreciation of property, plant and equipment	**15.2**	13.4	**52.2**	48.4	**-**	-	**67.4**	61.8
Amortisation of customer contributions and grants	**(3.7)**	(3.4)	**(12.5)**	(12.2)	**-**	-	**(16.2)**	(15.6)
Amortisation of intangible assets	**1.1**	1.1	**3.8**	4.1	**-**	-	**4.9**	5.2
Contributions in respect of property, plant and equipment	**16.3**	22.6	**56.2**	81.7	**-**	-	**72.5**	104.3
Defined benefit pension charge less contributions paid	**(2.0)**	(2.3)	**(11.7)**	(13.4)	**-**	-	**(13.7)**	(15.7)
Net movement in provisions	**1.9**	(0.8)	**6.0**	(2.7)	**-**	(0.1)	**7.9**	(3.6)
Operating cash flows before movement in working capital	**37.5**	42.6	**183.4**	189.4	**-**	(0.1)	**220.9**	231.9
Increase in working capital	**(12.8)**	(1.8)	**(44.0)**	(7.0)	**-**	-	**(56.8)**	(8.8)
Cash generated from / (used in) operations	**24.7**	40.8	**139.4**	182.4	**-**	(0.1)	**164.1**	223.1
Interest received	**-**	-	**-**	0.1	**-**	-	**-**	0.1
Interest paid	**(8.7)**	(8.3)	**(29.8)**	(29.8)	**-**	-	**(38.5)**	(38.1)
Net cash flows from / (used in) operating activities	**16.0**	32.5	**109.6**	152.7	**-**	(0.1)	**125.6**	185.1
Cash flows used in investing activities:								
Purchase of property, plant and equipment	**(44.1)**	(44.7)	**(150.9)**	(161.6)	**-**	-	**(195.0)**	(206.3)
Purchase of intangible assets	**(0.3)**	(0.1)	**(1.1)**	(0.3)	**-**	-	**(1.4)**	(0.4)
Net cash flows used in investing activities	**(44.4)**	(44.8)	**(152.0)**	(161.9)	**-**	-	**(196.4)**	(206.7)

CASH FLOW STATEMENT (continued)
for the year ended 31 March 2018

	Transmission		Distribution		Landbank		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m
Cash flows from / (used in) financing activities								
Dividend paid to shareholder	**(4.1)**	(3.5)	**(13.9)**	(12.5)	**-**	-	**(18.0)**	(16.0)
Receipts from borrowings	**20.5**	1.9	**70.4**	7.0	**-**	0.1	**90.9**	9.0
Net cash flows from / (used in) financing activities	**16.4**	(1.6)	**56.5**	(5.5)	**-**	0.1	**72.9**	(7.0)
Net (decrease)/increase in cash and cash equivalents	**(12.0)**	(13.9)	**14.1**	(14.7)	**-**	-	**2.1**	(28.6)
Cash and cash equivalents at the beginning of year	**(9.1)**	4.8	**22.8**	37.5	**-**	-	**13.7**	42.3
Cash and cash equivalents at the end of the year	**(21.1)**	(9.1)	**36.9**	22.8	**-**	-	**15.8**	13.7

1. GENERAL INFORMATION

Northern Ireland Electricity Networks Limited (NIE Networks or the Company) is a limited company incorporated and domiciled in Northern Ireland. These regulatory accounts report on NIE Networks' Transmission Owner, Distribution and Landbank businesses and are separate from NIE Networks' statutory accounts which are prepared on a consolidated basis including the Company's subsidiary businesses. The accounts have been prepared in accordance with the measurement rules of International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the EU and applied in accordance with the provisions of the Companies Act 2006 as applicable to companies reporting under IFRS and in accordance with Condition 2 of the Company's Licences. The accounts are presented in sterling (£) with all values rounded to the nearest £100,000 except where otherwise indicated.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these accounts are set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

New and revised accounting standards, amendments and interpretations
IFRS 15, 'Revenue from contracts with customers'
IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The standard was effective for annual periods beginning on or after 1 January 2018. In line with the statutory accounts financial period this standard has been adopted from 1 January 2018.

There has been no material impact in respect of revenue derived from distribution use of system tariffs, PSO charges and transmission service charges as a result of adopting this standard.

In respect of revenue earned through charges for new connections to the network, there is a change in the timing of recognition in respect of some elements of connections revenue, however this change will have no impact on the future operating profit of the Company.

IFRS 9, 'Financial instruments'
IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments.

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. An expected credit losses model replaces the incurred loss impairment model used in IAS 39.

For financial liabilities, there are no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

IFRS 9 is effective for accounting periods beginning on or after 1 January 2018. In line with the statutory accounts financial period this standard has been adopted from 1 January 2018.

The classification and measurement basis for the Company's financial assets and liabilities is largely unchanged by the adoption of IFRS 9. The main impact of adopting IFRS 9 arises from the implementation of the expected credit losses model however, due to the Company's limited exposure to credit risk in respect of its trade receivables this has not had a material impact on the financial statements of the Company.

2. ACCOUNTING POLICIES (continued)

New and revised accounting standards, amendments and interpretations not yet adopted
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company. The more significant future accounting standards and how they may apply to the Company are discussed below:

IFRS 16, 'Leases'
IFRS 16 addresses the definition of a lease, recognition and measurement of leases, and it establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees.

The standard replaces IAS 17, 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019, and earlier application is permitted, subject to EU endorsement and the entity adopting IFRS 15, 'Revenue from contracts with customers', at the same time.

The Company continues to assess the impact of IFRS 16 on the financial statements of the Company. At this stage, the directors anticipate that the adoption of IFRS 16 may result in changes in the presentation of the Company's accounts from 2019.

Basis of Preparation
In preparing the regulatory accounts for the year ended 31 March 2018 the directors of the Company (after consultation with the Utility Regulator) have allocated revenue and operating costs to each of the Transmission Owner and Distribution Businesses on the basis of actual revenue and operating costs incurred by each separate business where clearly identifiable with any residual amounts being apportioned in the ratio 15%/85% to the respective businesses. Net assets have been allocated in proportion to the respective businesses' Regulatory Asset Bases (RABs) at the closing year end dates.

Going Concern
On the basis of their assessment of the Company's financial position, which included a review of the Company's projected funding requirements for a period of 12 months from the date of approval of the accounts, the directors have a reasonable expectation that the Company will have adequate financial resources for the 12 month period and accordingly continue to adopt the going concern basis in preparing the accounts.

Foreign currency translation
The functional and presentation currency of the Company is sterling (£).

Foreign currency transactions are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the balance sheet date are recognised in the income statement.

Company's investments in subsidiaries
The Company recognises its investments in subsidiaries at cost less any recognised impairment loss. Dividends received from subsidiaries are recognised in the income statement. The carrying values of investments in subsidiaries are reviewed annually for any indications of impairment, including whether the carrying value is impaired as a result of the receipt of dividends.

2. ACCOUNTING POLICIES (continued)

Property, plant and equipment
Property, plant and equipment are included in the balance sheet at cost, less accumulated depreciation and any recognised impairment loss. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of overheads. Interest on funding attributable to significant capital projects is capitalised during the period of construction provided it meets the recognition criteria in IAS 23 and is written off as part of the total cost of the asset.

Freehold land is not depreciated. Other property, plant and equipment are depreciated on a straight-line basis so as to write off the cost, less estimated residual values, over their estimated useful economic lives as follows:

Infrastructure assets - up to 40 years
Non-operational buildings - freehold and long leasehold - up to 60 years
Fixtures and equipment - up to 10 years
Vehicles and mobile plant – up to 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where the carrying value exceeds the estimated recoverable amount, the asset is written down to its recoverable amount.

The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, 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. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognised in the income statement.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its continued use. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net selling price and the carrying amount of the asset.

Intangible assets - Computer software
The cost of acquiring computer software is capitalised and amortised on a straight-line basis over its estimated useful economic life which is between three and ten years. Costs include direct labour relating to software development and an appropriate portion of directly attributable overheads. Interest on funding attributable to significant capital projects is capitalised during the period of construction provided it meets the recognition criteria in IAS 23 and is written off as part of the total cost of the asset.

The carrying value of computer software is reviewed for impairment annually when the asset is not yet in use and subsequently when events or changes in circumstances indicate that the carrying value may not be recoverable.

Gains or losses arising from de-recognition of computer software are measured as the difference between the net selling price and the carrying amount of the asset.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is calculated as the weighted average purchase price. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial instruments

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with maturities of three months or less.

Loans and receivables
Loans and receivables are initially recorded at fair value. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method.

2. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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

Trade and other receivables
Trade receivables do not carry any interest and are recognised and carried at the lower of their amortised cost value and recoverable amount. Provision is made when there is objective evidence that the asset is impaired. Balances are written off when the probability of recovery is assessed as being remote.

Trade payables
Trade payables are not interest bearing and are stated at their amortised cost.

Derivative financial instruments
Derivatives that are not designated as hedging instruments are accounted for at 'fair value through profit or loss'. These derivatives are carried in the balance sheet at fair value, with changes in fair value recognised in net finance costs in the income statement.

Borrowing costs
Borrowing costs attributable to significant capital projects are capitalised as part of the cost of the respective qualifying assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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.

Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 following specific recognition criteria must also be met before revenue is recognised:

Interest receivable
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Use of System and Public Service Obligation (PSO) revenue
Revenue is recognised on the basis of units distributed during the period. Revenue includes an assessment of the volume of electricity distributed, estimated using historical consumption patterns.

Transmission service revenue
Revenue is recognised in accordance with the schedule of entitlement set by the Utility Regulator for each tariff period.

Customer contributions
Customer contributions received in respect of property, plant and equipment are deferred and released to revenue in the income statement by instalments over the estimated useful economic lives of the related assets.

2. ACCOUNTING POLICIES (continued)

Government grants

Government grants received in respect of property, plant and equipment are deferred and released to operating costs in the income statement by instalments over the estimated useful economic lives of the related assets. Grants received in respect of expenditure charged to the income statement during the year are included in the income statement.

Tax

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 period. 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 Company'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 liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

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.

Provisions

Provisions are recognised when (i) the Company has a present obligation (legal or constructive) as a result of a past event (ii) it is probable that an outflow of resources embodying 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 Company 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.

2. ACCOUNTING POLICIES (continued)

Pensions and other post-retirement benefits
Employees of the Company are entitled to membership of the Northern Ireland Electricity Pension Scheme (NIEPS) which 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.

Pension scheme assets are measured at fair value and liabilities are measured using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the liabilities. Full actuarial valuations are obtained at least triennially and updated at each balance sheet date. Re-measurements comprising of actuarial gains and losses and return on plan assets are recognised immediately in the period in which they occur and are presented in the statement of comprehensive income. Re-measurements are not reclassified to profit or loss in subsequent periods.

The cost of providing benefits under the defined benefit scheme is charged to the income statement over the periods benefiting from employees' service. These costs comprise current service costs, past service costs, gains or losses on curtailments and non-routine settlements, all of which are recognised in operating costs. Past service costs are recognised immediately to the extent that the benefits are already vested. Curtailment losses are recognised in the income statement in the period they occur.

Net pension interest on net pension scheme liabilities is included within net finance costs. Net interest is calculated by applying the discount rate to the net pension asset or liability.

Pension costs in respect of defined contribution arrangements are charged to the income statement as they become payable.

The Company has adopted the exemption allowed in IFRS 1 to recognise all cumulative actuarial gains and losses at the transition date in reserves.

Critical accounting judgements and key sources of estimation uncertainty

Pensions and other post-employment benefits
The employees in NIE Networks are entitled to membership of the NIEPS which has both defined benefit and defined contribution arrangements. The estimation of and accounting for retirement benefit obligations involves judgements made in conjunction with independent actuaries. This involves estimates about uncertain future events including the life expectancy of scheme members, future salary and pension increases and inflation as well as discount rates.

Unbilled debt
Revenue includes an assessment of the volume of electricity distributed, estimated using historical consumption patterns. A corresponding receivable in respect of unbilled consumption is recognised within trade receivables.

Fair value measurement
The measurement of the Company's derivative financial instruments is based on a number of judgmental factors and assumptions which by necessity are not based on observable inputs. These have been classified as Level 2 financial instruments in accordance with IFRS 13.

3. OPERATING COSTS

	Transmission		Distribution		Landbank		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m
Staff costs	**4.2**	2.7	**23.4**	15.5	**-**	-	**27.6**	18.2
Depreciation and amortisation	**16.2**	14.4	**55.6**	52.1	**-**	-	**71.8**	66.5
Power NI charges	**-**	-	**1.5**	2.9	**-**	-	**1.5**	2.9
Other operating costs	**10.5**	8.6	**65.1**	59.2	**0.1**	(0.1)	**75.7**	67.7
	30.9	25.7	**145.6**	129.7	**0.1**	(0.1)	**176.6**	155.3

4. PROPERTY, PLANT AND EQUIPMENT

	Transmission £m	Distribution £m	Landbank £m	Total £m
Cost:				
At 1 April 2017	558.5	2,018.2	-	2,576.7
Additions	44.7	147.8	-	192.5
Re-apportionment on RAB values	22.1	(22.1)	-	-
At 31 March 2018	625.3	2,143.9	-	2,769.2
Depreciation:				
At 1 April 2017	208.6	753.8	-	962.4
Charge for year	15.2	52.2	-	67.4
Re-apportionment on RAB values	8.7	(8.7)	-	-
At 31 March 2018	232.5	797.3	-	1,029.8
Net Book Value:				
At 1 April 2017	349.9	1,264.4	-	1,614.3
At 31 March 2018	**392.8**	**1,346.6**	**-**	**1,739.4**

5. INTANGIBLE ASSETS

	Transmission £m	Distribution £m	Landbank £m	Total £m
Cost:				
At 1 April 2017	22.4	80.8	-	103.2
Additions	0.3	1.1	-	1.4
Re-apportionment on RAB values	0.9	(0.9)	-	-
At 31 March 2018	23.6	81.0	-	104.6
Amortisation:				
At 1 April 2017	17.4	62.9	-	80.3
Amortisation charge for year	1.1	3.8	-	4.9
Re-apportionment on RAB values	0.7	(0.7)	-	-
At 31 March 2018	19.2	66.0	-	85.2
Net Book Value:				
At 1 April 2017	5.0	17.9	-	22.9
At 31 March 2018	**4.4**	**15.0**	**-**	**19.4**

6. DEFERRED TAX

	Transmission		Distribution		Landbank		Total	
	2018 £m	2017 £m	**2018 £m**	2017 £m	**2018 £m**	2017 £m	**2018 £m**	2017 £m
Deferred tax assets								
At 1 April	**-**	-	**-**	-	**1.8**	1.8	**1.8**	1.8
At 31 March	**-**	-	**-**	-	**1.8**	1.8	**1.8**	1.8
Deferred tax liabilities								
At 1 April	**13.2**	15.0	**47.8**	53.9	**-**	-	**61.0**	68.9
Increase/(Decrease) in provision	**1.7**	(1.8)	**5.6**	(6.1)	**-**	-	**7.3**	(7.9)
Re-apportionment on RAB values	**0.6**	-	**(0.6)**	-	**-**	-	**-**	-
At 31 March	**15.5**	13.2	**52.8**	47.8	**-**	-	**68.3**	61.0

7. INVENTORIES

	Transmission		Distribution		Landbank		Total	
	2018 £m	2017 £m	**2018 £m**	2017 £m	**2018 £m**	2017 £m	**2018 £m**	2017 £m
Materials and consumables	**2.9**	3.0	**9.9**	10.6	**-**	-	**12.8**	13.6
Work in progress	**0.1**	0.2	**0.2**	0.8	**-**	-	**0.3**	1.0
	3.0	3.2	**10.1**	11.4	**-**	-	**13.1**	14.6

8. TRADE AND OTHER RECEIVABLES

	Transmission		Distribution		Landbank		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m
Trade receivables (incl. unbilled consumption)	**13.1**	10.2	**45.0**	37.0	**-**	-	**58.1**	47.2
Other receivables	**0.1**	0.1	**0.5**	0.5	**-**	-	**0.6**	0.6
Amounts owed by ESB group undertakings	**0.5**	0.3	**1.7**	1.0	**-**	-	**2.2**	1.3
Prepayments and accrued income	**0.3**	0.4	**0.9**	1.1	**-**	-	**1.2**	1.5
	14.0	11.0	**48.1**	39.6	**-**	-	**62.1**	50.6

9. OTHER FINANCIAL ASSETS

	Transmission		Distribution		Landbank		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m
Current								
Intra-group loans	**0.6**	0.6	**2.1**	2.1	**-**	-	**2.7**	2.7

10. CASH AND CASH EQUIVALENTS

	Transmission		Distribution		Landbank		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m
Cash at bank and in hand	**-**	-	**5.8**	5.7	**-**	-	**5.8**	5.7
Deposit account	**(21.1)**	(9.1)	**31.1**	17.1	**-**	-	**10.0**	8.0
	(21.1)	(9.1)	**36.9**	22.8	**-**	-	**15.8**	13.7

11. TRADE AND OTHER PAYABLES

	Transmission		Distribution		Landbank		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m
Trade payables	**4.1**	3.9	**14.0**	14.0	**-**	-	**18.1**	17.9
Payments received on account	**5.4**	12.7	**18.6**	45.9	**-**	-	**24.0**	58.6
Taxation and social security	**2.7**	2.0	**9.2**	7.1	**-**	-	**11.9**	9.1
Accruals	**4.7**	5.8	**16.2**	21.0	**-**	-	**20.9**	26.8
Other payables	**0.4**	1.3	**1.3**	4.7	**-**	-	**1.7**	6.0
	17.3	25.7	**59.3**	92.7	**-**	-	**76.6**	118.4

12. DEFERRED INCOME

	Transmission £m	Distribution £m	Landbank £m	Total £m
Current	4.0	14.3	-	18.3
Non-current	95.1	343.6	-	438.7
Total at 1 April 2017	99.1	357.9	-	457.0
Receivable	16.9	58.0	-	74.9
Released to income statement	(3.7)	(12.5)	-	(16.2)
Re-apportionment on RAB values	4.2	(4.2)	-	-
Current	**4.1**	**14.0**	-	**18.1**
Non-current	**112.4**	**385.2**	-	**497.6**
Total at 31 March 2018	**116.5**	**399.2**	-	**515.7**
Deferred income at 31 March 2018 comprises:				
Grants	1.2	4.1	-	5.3
Customer contributions	115.3	395.1	-	510.4
	116.5	**399.2**	-	**515.7**

13. FINANCIAL LIABILITIES

	Transmission		Distribution		Landbank		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m
Current								
Intra-group loans	**-**	-	**-**	-	**2.7**	2.7	**2.7**	2.7
Interest payable on bonds	**1.5**	1.4	**5.0**	5.0	**-**	-	**6.5**	6.4
Interest payable to NIE Networks undertaking	**4.7**	4.6	**16.4**	16.5	**-**	-	**21.1**	21.1
Bonds	**39.5**	-	**135.4**	-	**-**	-	**174.9**	-
Amounts owed to parent undertaking	**22.6**	-	**77.4**	-	**-**	-	**100.0**	-
	68.3	6.0	**234.2**	21.5	**2.7**	2.7	**305.2**	30.2
Non-current								
Bonds	**-**	37.9	**-**	136.8	**-**	-	**-**	174.7
Amounts owed to parent undertaking	**-**	2.0	**-**	7.1	**-**	-	**-**	9.1
Amounts owed to NIE Networks undertaking	**90.0**	86.3	**308.6**	312.1	**-**	-	**398.6**	398.4
	90.0	126.2	**308.6**	456.0	**-**	-	**398.6**	582.2

14. PROVISIONS

	Transmission	Distribution	Landbank	Total
	£m	£m	£m	£m
Current	0.1	0.4	-	0.5
Non-current	0.9	3.5	0.1	4.5
Total at 1 April 2017	1.0	3.9	0.1	5.0
Applied in the year	(0.1)	(0.3)	-	(0.4)
Increase in provision	1.9	6.4	-	8.2
Current	**1.8**	**6.2**	**-**	**8.0**
Non-current	**1.1**	**3.7**	**0.1**	**4.9**
Total at 31 March 2018	**2.9**	**9.9**	**0.1**	**12.9**
Provisions at 31 March 2018 comprise:				
Environmental	0.3	1.2	0.1	1.6
Liability and damage claims	0.9	2.9	-	3.8
Re-organisation and restructuring	1.7	5.8	-	7.5
	2.9	**9.9**	**0.1**	**12.9**

SUPPLEMENTARY INFORMATION

This document includes supplementary information as required by the Licences.

Appendix 1	Historical data used in calculation of maximum regulated revenue for RP5 (unaudited)

HISTORICAL DATA USED IN THE CALCULATION OF MAXIMUM REGULATED REVENUE FOR RP5

Information for 'Actuals Inp' and 'Licence Inp' tabs of the RP5 Financial Model. Figures are in Nominal Prices (unless otherwise stated).

	31/03/2013 £m	31/03/2014 £m	31/03/2015 £m	31/03/2016 £m	31/03/2017 £m	30/09/2017 £m
RP5 DISTRIBUTION LICENCE – ANNEX 2						
4.17 Qualifying Capex Expenditure amount - QCE_X_t						
Qualifying Capex Expenditure amount - QCE_DN_t	47.942	46.862	50.436	66,835	76.419	47.285
Qualifying Capex Expenditure amount - QCE_MTRN_t	5.559	5.215	5.109	6.776	8.935	4.295
Qualifying Capex Expenditure amount - QCE_D5Y_t	6.250	7.176	5.573	8.356	8.764	7.054
4.21 Pass Through Capex Expenditure amount - $PTCE\_X_t$						
Capex Connections amount - CC_DN_t	0.474	1.517	(2.638)	(3.436)	(7.780)	0.194
4.23 Capex Legacy Dt amount - CLD - X_t						
Capex Legacy Dt amount - CLD_DN_t	0.000	0.027	0.484	1.418	(0.083)	0.003
Capex Legacy Dt amount - CLD_ES_t	6.723	0.000	0.000	0.000	0.000	0.000
4.30 Capex Disposal amount - CD_X_t						
Historic timeline	31/03/2008	31/03/2009	31/03/2010	31/03/2011	31/03/2012	
Outturn Capex Disposal Amount - OCD_DN_t (09/10 Price Base)	0.007	0.015	0.019	0.025	0.000	
Current timeline	31/03/2013	31/03/2014	31/03/2015	31/03/2016	31/03/2017	30/09/2017
Outturn Capex Disposal Amount - OCD_DN_t	0.032	0.000	0.049	0.000	0.000	0.000
4.34 Allowed Capex - AC_X_t *						
Allowed Capex - $AC\_RAB\_D5Y_t$ (09/10 Price Base)	7.027	8.698	6.937	6.873	6.832	6.185
4.38 First Metering Fixed Allowance - $FMFA_t$ **						
First Metering Fixed Allowance - $FMFA_t$ (09/10 Price Base)	0.623	0.617	0.611	0.606	0.602	1.553
4.42 Metering Volume units - MV_C_t						
Certification units	0	0	0	32,525	49,389	17,474
Recertification units	0	0	0	0	2,508	8,205
Commercial recertification units	0	0	0	535	863	1,429
Keypad recertification units	0	0	0	8,758	28,549	15,527
Keypad other units	24,130	27,921	25,665	19,496	18,449	8,898
SOSA units	32,314	30,990	29,898	32,389	33,442	12,697
Commercial Units	4.880	4,115	4,211	3,001	2,914	1,402

HISTORICAL DATA USED IN THE CALCULATION OF MAXIMUM REGULATED REVENUE FOR RP5 (continued)

	31/03/2013 £m	31/03/2014 £m	31/03/2015 £m	31/03/2016 £m	31/03/2017 £m	30/09/2017 £m
RP5 DISTRIBUTION LICENCE – ANNEX 2 (continued)						
6.3 Qualifying Opex Expenditure amount QOE_t						
Qualifying Opex Expenditure amount QOE_t	53.718	54,194	55.287	55.455	53,055	30.341
6.7 Pass Through Opex Expenditure amount – $PTOE_t$						
Opex Licence Fee amount - OLF_t	0.860	2.647	0.953	1.307	1,465	0.767
Opex Connections amount - OC_t	3.376	4.603	6.428	6.856	4,298	1.662
6.9 Opex Legacy Dt amount - OLD_t						
Opex Legacy Dt amount - OLD_t	3.429	1.738	0.158	0.019	0.000	0.000
6.17 Allowed Opex amount - AOO_t						
Allowed Opex amount - Injurious Affection - IA_t	0.002	0.042	0.127	0.145	0.035	0.025
Allowed Opex amount - Changes of Law - COL_t †	0.000	0.000	0.068	0.282	0.600	0.377
9.1 Tax Amount – TAX_t †						
Capital allowances - CA_t	41.491	42.177	43.191	45.481	48.002	26.392
10.1 Revenue Protection Services Incentive amount - $RPSI_t$						
Revenue Protection Services Incentive amount - $RPSR_t$	0.365	0.289	0.352	0.292	0.213	0.169
11 Correction Factor amount - K_t						
Actual Regulated Distribution Revenue Recovered - $ARP5_t$ (prior to £12m adjustments in 2013 and 2014)	176.250	175.783	173.787	178.066	186.174	77.695
Average Specified Rate - I_t	0.50%	0.50%	0.50%	0.33%	0.35%	0.50%

Values for other Licence Terms as per Annex 2 of Northern Ireland Electricity Ltd: Electricity Distribution Licence.
Values for all remaining Licence Terms deemed zero.

* :- Change to 30/09/2017 figure to reflect adjustment per para 4.6 (b) of the RP6 Distribution Licence
** :- Change to 30/09/2017 figure to reflect adjustment per para 4.6 (c) of the RP6 Distribution Licence
† :- Provisional figures, subject to change

HISTORICAL DATA USED IN THE CALCULATION OF MAXIMUM REGULATED REVENUE FOR RP5 (continued)

RP5 TRANSMISSION LICENCE – ANNEX 2	31/03/2013 £m	31/03/2014 £m	31/03/2015 £m	31/03/2016 £m	31/03/2017 £m	30/09/2017 £m
4.17 Qualifying Capex Expenditure amount - QCE_X_t						
Qualifying Capex Expenditure amount - QCE_TN_t	8.624	10.144	10.490	18.083	19.596	10.560
Qualifying Capex Expenditure amount - QCE_RN_t	0.000	0.000	0.000	1.746	18.347	2.068
Qualifying Capex Expenditure amount - QCE_T5Y_t	0.267	0.587	0.345	0.646	0.970	0.658
4.21 Pass Through Capex Expenditure amount - $PTCE\_X_t$						
Capex Connections amount - CC_RN_t	0.000	0.000	0.978	1.812	(4.905)	(1.360)
4.23 Capex Legacy Dt amount - CLD - X_t						
Capex Legacy Dt amount - CLD_RN_t	3.487	13.877	5.615	0.414	(1.004)	1.554
4.36 Allowed Capex for Transmission System capacity or capability - $ACTS\_X_t$						
Allowed Capex for Transmission System capacity or capability – $ACTS\_RN_t$ (09/10 Price Base)	0.000	0.000	0.000	1.453	14.966	1.622
6.3 Qualifying Opex Expenditure amount QOE_t						
Qualifying Opex Expenditure amount QOE_t	8.281	8.382	7.899	7.683	6.923	4.269
6.7 Pass Through Opex Expenditure amount – $PTOE_t$						
Opex Licence Fee amount - OLF_t	0.129	0.395	0.131	0.193	0.366	0.192
Opex Connections amount - OC_t	0.000	0.018	0.061	0.135	0.000	0.000
6.9 Opex Legacy Dt amount - OLD_t						
Opex Legacy Dt amount - OLD_t	3.830	3.385	1.192	0.000	0.000	0.000
6.17 Allowed Opex amount - AOO_t						
Allowed Opex amount - Changes of Law - COL_t †	0.000	0.000	(0.162)	(0.377)	(0.317)	(0.157)

HISTORICAL DATA USED IN THE CALCULATION OF MAXIMUM REGULATED REVENUE FOR RP5 (continued)

	31/03/2013 £m	31/03/2014 £m	31/03/2015 £m	31/03/2016 £m	31/03/2017 £m	30/09/2017 £m
RP5 TRANSMISSION LICENCE – ANNEX 2 (continued)						
9.1 Tax Amount – TAX_t †						
Capital allowances - CA_t	6.623	8.036	9.406	10.773	12.830	7.101
11 Correction Factor amount - K_t						
Actual Regulated Transmission Revenue Recovered - $ARP5_t$	41.622	53.592	34.398	30.750	33.304	15.054
Average Specified Rate - I_t	0.50%	0.50%	0.50%	0.33%	0.35%	0.50%

Values for other Licence Terms as per Annex 2 of Northern Ireland Electricity Ltd: Participate in Transmission Licence.
Values for all remaining Licence Terms deemed zero.
† :- Provisional figures, subject to change