

Utilico Finance Limited

Report and accounts for the six months to 31 December 2014

Utilico Finance Limited

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Utilico Finance Limited

Company Directory

Registered Office	19 Par-la-Ville Road Hamilton HM 11 Bermuda
Directors	Dr Roger J Urwin, CBE (Chairman) Peter I Burrows, AO Graham Cole Warren McLeland Eric St C Stobart
Company Number	39479
Auditor	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Date of Formation	17 January 2007
Nature of Business	Closed end investment company
Ordinary Shareholder and Parent Company	Utilico Investments Limited

Utilico Finance Limited

Strategic Review

The Strategic Review is designed to provide shareholders with an insight into the operations of the Company during the period. In particular, it gives information on:

- the Company's objective and investment policy;
- the regulatory and competitive environment within which the Company operates;
- the Board's strategy for achieving its stated objectives;
- principal risks and risk management; and
- key performance indicators.

Objective

The Company's investment objective is to finance and fund the final capital entitlements of the ZDP shares.

Investment policy

The Company seeks to fund the final capital entitlements of the ZDP shares by lending current asset funds to its parent company, Utilico Investments Limited.

Regulatory and Competitive Environment

The Company is obliged to comply with Bermuda law, the rules of the UK Listing Authority and International Financial Reporting Standards ("IFRS") as adopted by the European Union. The Company is exempt from taxation, except insofar as it is withheld from income received. Under Bermuda law, the Company may not distribute income by way of a dividend unless, after distribution of the dividend, the realisable value of the Company's assets would be greater than the aggregate of its liabilities.

Strategy for Achieving Objectives

The Company's performance in pursuing its objective is based on the ability of its parent company to repay the intra-group loan to the Company. Utilico Investments Limited has provided an undertaking to provide sufficient funds to the Company to meet each redemption as it falls due.

During the period under review the 2014 ZDP shares were repaid and 25 million new 2020 ZDP shares were issued. Details of these changes are included in the Report of the Directors on page 4 and in note 7 to the accounts.

Principal Risks

The principal risks and uncertainties have not changed from the annual report at 30 June 2014. The principal underlying risk of the Company continues to relate to its ability to repay the ZDP shares when they fall due. This is dependent on the asset performance of the parent company. At 31 December 2014, the parent company had net assets of £157,439,000 (31 December 2013: £147,610,000 and 30 June 2014: £164,455,000) after providing for amounts due to ZDP shareholders. Details of the ZDP shares are set out in note 7 to the accounts.

A further risk faced by the Company is that of a regulatory nature. A regulatory or legal breach could lead to financial penalties or a qualified audit report. The Company uses all reasonable efforts to ensure that the Company adheres to the relevant statutory and regulatory requirements.

Related party transactions

Details of related party transactions in the six months to 31 December 2014 are set out in Note 10 to the Notes to the accounts.

Key Performance Indicators

The Board assesses the Company's success in pursuing its objectives in the ability to provide for the amounts due to the ZDP shareholders.

This Strategic Review was approved by the Board of Directors on 18 February 2015.

ICM Limited
Company Secretary

Utilico Finance Limited

Report of the Directors

The Directors present their report and the financial statements of the Company for the six months ended 31 December 2014.

Principal activity and status

Utilico Finance Limited (the "Company") is a Bermuda exempted, closed ended investment company with company registration number 39479. The Company's issued zero dividend preference ("ZDP") shares are traded on the standard segment of the main market of the London Stock Exchange.

Corporate Governance

Bermuda does not have its own corporate governance code and, as a Bermuda incorporated company, the Company is not required to comply with the UK Corporate Governance Code issued by the Financial Reporting Council in June 2010 (the "Code"). However, it is the Company's policy to comply with best practice on good corporate governance and maintain the same level of governance as UK listed investment companies. The Board has therefore considered the principles set out in the AIC Code of Corporate Governance revised in February 2013 (the "AIC Code") and the relevant provisions of the Code.

Except as disclosed below, the Company complied throughout the period with the recommendations of the AIC Code and the relevant provisions of the Code. The provisions of the Code regarding the role of chief executive and on Directors' remuneration are not relevant to the Company and are not reported on further.

In view of the requirement of the Bye-Laws that all Directors retire by rotation, the Board considers that it is not appropriate for the Directors to be appointed for specified terms as recommended by provision B.2.3 of the Code. However, in accordance with provision B.7.1 of the Code and principle 3 of the AIC Code, all Directors are subject to election by shareholders at the first annual general meeting following their appointment, and to re-election thereafter at intervals of no more than three years. Any Director serving beyond nine years is required to seek annual re-election. The Board of Directors does not consider it appropriate to appoint a Senior Independent Director as recommended by principle 1 of the AIC Code and provision A.4.1 of the Code.

Results and Dividends

The results for the period are set out in the attached accounts.

The Company has not declared a dividend in respect of the period ended 31 December 2014.

Issue of new 2020 ZDP shares

During the period, the Company created a new class of ZDP share, which is repayable on 31 October 2020. Pursuant to a rollover offer made to the holders of the 2014 ZDP shares and to a placing, it issued 25 million new 2020 ZDP shares on 31 July 2014, as follows:

- Rollover Offer
Further to the rollover offer, valid elections were received from holders of a total of 9,382,718 2014 ZDP Shares (representing approximately 19.8 per cent. of the total number of 2014 ZDP shares in issue). In accordance with the terms and conditions of the Rollover Offer, UFL issued 15,504,888 new 2020 ZDP shares, on the basis of each 2014 ZDP share converting into 1.6525 2020 ZDP Shares.
- Initial Placing
UFL placed 9,495,112 new 2020 ZDP shares at 100p per share with certain institutional and other investors raising gross proceeds of approximately £9.5 million.

Redemption of 2014 ZDP shares

On 31 October 2014 the 38,117,282 2014 ZDP shares that were in issue, were redeemed at 167.60p per 2014 ZDP share.

Share capital

As at 31 December 2014, the Company's issued share capital comprised 10 Ordinary Shares, 47,500,000 2016 ZDP Shares, 49,842,413 2018 ZDP Shares and 25,000,000 2020 ZDP Shares.

Utilico Finance Limited

Report of the Directors (continued)

Directors

The following Directors held office throughout the period, unless otherwise stated:

Dr Roger Urwin (Chairman)

Peter Burrows

Graham Cole (appointed 11 September 2014)

J. Michael Collier (resigned 11 September 2014)

Warren McLeland

Eric Stobart

Directors' Disclosures

At 31 December 2014, no Director had any interest in the Company's shares. No Director acquired or disposed of any interest in the shares in the Company during the period or since the period end.

Each Director has signed a letter of appointment setting out the terms of their engagement as a Director, but does not have a service agreement with the Company.

Board Meetings

The Board meets at least twice a year to consider strategic affairs and to approve the interim report and the annual report and accounts. In view of the nature of the Company's business the Board does not consider it necessary to appoint a separate audit committee or nominations committee.

Directors' Remuneration

No Director received or is entitled to receive any remuneration from the Company.

Statement of Changes in Equity

There were no movements in equity attributable to equity holders and a statement of changes in equity has therefore not been prepared.

Cash Flow

There were no cash flows in the period and therefore a cash flow statement has not been prepared.

Going Concern

The Directors believe that it is appropriate to adopt the going concern basis in preparing the accounts as the Company can continue to operate due to the support of the parent company.

Share Capital

Full details of the changes to the Company's authorised and issued ordinary share capital during the period can be found in note 8 to the accounts.

Ordinary shares of Utilico Investments Limited

Ordinary shares of Utilico Investments Limited rank behind the ZDP shares on a winding up of the Company and Utilico Investments Limited, together referred to as the Group (save for any undistributed revenue reserves of Utilico Investments Limited on a winding up).

Auditor

KPMG LLP ("KPMG") was the Company's auditor for the year ended 30 June 2014 and was re-appointed as auditor to the Company at the AGM of the Company on 19 November 2014.

By order of the Board
ICM Limited, Secretary
18 February 2015

Utilico Finance Limited

Directors' Statement of Responsibilities

In accordance with Chapter 4 of the Disclosure and Transparency Rules, the Directors confirm that to the best of their knowledge:

- The condensed set of financial statements contained within the report for the six months to 31 December 2014 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and return of the Company;
 - The half-yearly financial report, together with the Chairman's Statement and Investment Manager's Report, includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the financial statements as required by DTR 4.2.7R;
 - The Directors' statement of principal risks and uncertainties above is a fair review of the principal risks and uncertainties for the remainder of the year as required by DTR 4.2.7R;
 - The half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year as required by DTR 4.2.8R; and
 - In the light of the controls and monitoring processes that are in place, the Company has adequate resources and arrangements to continue operating within its stated objective and policy for the foreseeable future.
- Accordingly the accounts continue to be drawn up on the basis that the Company is a going concern.

On behalf of the Board
Dr Roger Urwin
Chairman
18 February 2015

Utilico Finance Limited

Unaudited Condensed Income Statement

	Note	Six months to 31 December 2014 £'000s	Six months to 31 December 2013 £'000s	Year to 30 June 2014 £'000s
Interest income	2	7,276	7,124	14,380
Total income		7,276	7,124	14,380
Other expenses		-	-	-
Profit before finance costs and taxation		7,276	7,124	14,380
Finance costs	3	(7,276)	(7,124)	(14,380)
Profit before tax		-	-	-
Taxation		-	-	-
Profit for the period		-	-	-
Earnings per share – pence		-	-	-

The Company does not have any income or expense that is not included in the profit for the period, and therefore the 'profit for the period' is also the 'total comprehensive income for the period', as defined in International Accounting Standard 1 (revised).

All items in the above statement are derived from continuing operations.

Utilico Finance Limited

Unaudited Condensed Balance Sheet

		31 December	31 December	30 June
		2014	2013	2014
	Note	£'000s	£'000s	£'000s
Current assets				
Other receivables	6	166,480	206,908	214,164
Current liabilities				
Zero dividend preference shares	7	-	(75,235)	(77,809)
Total assets less current liabilities		166,480	131,673	136,355
Non-current liabilities				
Zero dividend preference shares	7	(166,480)	(131,673)	(136,355)
Net assets		-	-	-
Equity attributable to equity holders				
Ordinary share capital	8	-	-	-

Utilico Finance Limited

Unaudited Condensed Notes to the Accounts for the period to 31 December 2014

1. Accounting policies

The Company is an investment company incorporated in Bermuda on 17 January 2007. The accounting policies below are unchanged from the previous year.

(a) Basis of accounting

The financial statements of the Company have been prepared on a going concern basis in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards Committee that remain in effect.

The financial statements have been prepared on a historical cost basis.

A Statement of Changes in Equity has not been presented as there is no movement in the current or prior period.

(b) Zero dividend preference shares

The ZDP shares, due to be redeemed on 31 October 2016, 2018 and 2020, at a redemption value of 192.78 pence per share, 160.52 pence per share and 154.90 pence per share respectively, have been classified as liabilities, as they represent an obligation on behalf of the Company to deliver to their holders a fixed and determinable amount at the redemption date. They are accordingly accounted for at amortised cost, using the effective interest method. Under Bermuda company law ZDP shares are recognised as share capital in the Company.

(c) Cash flow statement

There were no cash flows in the period or in the prior year and therefore a cash flow statement has not been prepared. All transaction movements were through the intra-group loan account.

(d) Foreign currency

The functional and reporting currency is pounds sterling because the Company's ZDP share capital was raised, and will be repaid, in pounds sterling, and has been lent to, and will be repaid, by the parent company, in that currency.

(e) Interest income

Interest on debt is accrued on a time basis using the effective interest method.

(f) Expenses

The Company incurs no expenses other than finance costs. The Directors are not entitled to receive any remuneration and all other expenses relating to the Company are paid in full by the parent company.

(g) Finance costs

Finance costs are accounted for on an effective interest method.

(h) Intra company loan

Utilico Investments Limited has agreed to place the Company in sufficient funds to enable the Company to pay the capital entitlement of each class of ZDP share on their respective redemption dates. The amount owed in the accounts is based on the entitlements of the ZDP shareholders at the relevant date.

Utilico Finance Limited

Unaudited Condensed Notes to the Accounts (continued)

2 Interest income

	Six months to 31 December 2014 £'000s	Six months to 31 December 2013 £'000s	Year to 30 June 2014 £'000s
Loan to parent company - interest receivable	7,276	7,124	14,380

3 Finance costs

	Six months to 31 December 2014 £'000s	Six months to 31 December 2013 £'000s	Year to 30 June 2014 £'000s
ZDP shares	7,276	7,124	14,380

4. Earnings per share

The calculation of earnings per share is based on a profit after tax for the period of £nil (for the periods to 31 December 2013 and 30 June 2014: £nil) and a weighted average number of 10 ordinary shares in issue during the period (for the periods 31 December 2013 and 30 June 2014: 10 ordinary shares in issue).

5. Dividends

There were no dividends paid or declared in respect of the period.

6. Other receivables

	31 December 2014 £'000s	31 December 2013 £'000s	30 June 2014 £'000s
Loan to parent company - Utilico Investments Limited	166,480	206,908	214,164

The loan is repayable on demand.

Utilico Finance Limited

Unaudited Condensed Notes to the Accounts (continued)

7. Zero dividend preference shares

	31 December 2014 £'000s	31 December 2013 £'000s	30 June 2014 £'000s
ZDP shares – current liabilities			
2014 ZDP shares	-	75,235	77,809
ZDP shares – non-current liabilities			
2016 ZDP shares	80,685	75,307	77,928
2018 ZDP shares	60,600	56,366	58,427
2020 ZDP shares	25,195	-	-
	166,480	131,673	136,355
Total ZDP shares liabilities	166,480	206,908	214,164

Authorised ZDP shares of the Company at 31 December 2014 are as follows:

	Number	£'000s
ZDP shares of 10p each		
2012 ZDP shares	60,592,190	6,059
2014 ZDP shares	50,000,000	5,000
2016 ZDP shares	60,000,000	6,000
ZDP shares of 5.9319p each		
2018 ZDP shares	59,842,413	3,550
ZDP shares of 6.0514p each		
2020 ZDP shares	25,000,000	1,513

Authorised ZDP shares of the Company at 31 December 2013 and 30 June 2014 are as follows:

	Number	£'000s
ZDP shares of 10p each		
2012 ZDP shares	60,592,190	6,059
2014 ZDP shares	50,000,000	5,000
2016 ZDP shares	50,000,000	5,000
ZDP shares of 5.9319p each		
2018 ZDP shares	49,842,413	2,956

On 1 July 2014 the authorised share capital of the Company was increased from £19,015,822.10 to £22,121,862.10 by the creation of a further 10,000,000 2016 ZDP shares, a further 10,000,000 2018 ZDP shares and 25,000,000 2020 ZDP shares of a nominal value of 6.0514p each.

Utilico Finance Limited

Unaudited Condensed Notes to the Accounts (continued)

7. Zero dividend preference shares (continued)

ZDP shares issued by the Company are as follows:

31 December 2014	2014		2016		2018		2020		Total £'000s
	Number	£'000s	Number	£'000s	Number	£'000s	Number	£'000s	
Balance at 30 June 2014	47,500,000	77,809	47,500,000	77,928	49,842,413	58,427	-	-	214,164
Issue of ZDP shares	-	-	-	-	-	-	25,000,000	25,000	25,000
Issue costs of ZDP shares	-	-	-	-	-	-	-	(571)	(571)
Redemption of 2014 ZDP shares	(47,500,000)	(79,389)	-	-	-	-	-	-	(79,389)
Finance costs	-	1,580	-	2,757	-	2,173	-	766	7,276
Balance at 31 December 2014	-	-	47,500,000	80,685	49,842,413	60,600	25,000,000	25,195	166,480

31 December 2013	Number	2014	Number	2016	Number	2018	Total £'000s
		£'000s		£'000s		£'000s	
Balance at 30 June 2013	47,500,000	72,705	47,500,000	72,734	49,842,413	54,345	199,784
Finance costs	-	2,530	-	2,573	-	2,021	7,124
Balance at 31 December 2013	47,500,000	75,235	47,500,000	75,307	49,842,413	56,366	206,908

30 June 2014	Number	2014	Number	2016	Number	2018	Total £'000s
		£'000s		£'000s		£'000s	
Balance at 30 June 2013	47,500,000	72,705	47,500,000	72,734	49,842,413	54,345	199,784
Finance costs	-	5,104	-	5,194	-	4,082	14,380
Balance at 30 June 2014	47,500,000	77,809	47,500,000	77,928	49,842,413	58,427	214,164

Utilico Finance Limited

Unaudited Condensed Notes to the Accounts (continued)

7. Zero dividend preference shares (continued)

Pursuant to the rollover offer made to the holders of the 2014 ZDPs and to a placing, published by the Company on 2 July 2014, shareholders in respect of a total of 9,382,718 2014 ZDP shares elected to rollover to 2020 ZDP shares. 15,504,888 new 2020 ZDP Shares were issued on 31 July 2014, on the basis of each 2014 ZDP Share converting into 1.6525 2020 ZDP Shares. UFL placed 9,495,112 new 2020 ZDP Shares at 100p per share on 31 July 2014, raising gross proceeds of £9.5 million.

The 25,000,000 new 2020 ZDP shares were admitted to the Official List and to trading on the London Stock Exchange on 31 July 2014.

The Board closed the Placing Programme as described in the Prospectus dated 2 July 2014 on 15 September 2014.

On 31 October 2014 the remaining 38,117,282 2014 ZDP shares that were in issue, were redeemed at 167.60p per 2014 ZDP share.

2016 ZDP shares

Based on the initial entitlement of a 2016 ZDP share of 100p on 15 June 2007, a 2016 ZDP share will have a final capital entitlement at the end of its life on 31 October 2016 of 192.78p equating to a 7.25% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2016 ZDP share at 31 December 2014 was 169.57p (31 December 2013: 158.12p and 30 June 2014: 163.70p).

2018 ZDP shares

Based on the initial entitlement of a 2018 ZDP share of 100p on 26 January 2012, a 2018 ZDP share will have a final capital entitlement at the end of its life on 31 October 2018 of 160.52p equating to a 7.25% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2018 ZDP share at 31 December 2014 was 122.89p (31 December 2013: 114.46p and 30 June 2014: 118.50p).

2020 ZDP shares

Based on the initial entitlement of a 2020 ZDP share of 100p on 31 July 2014, a 2020 ZDP share will have a final capital entitlement at the end of its life on 31 October 2020 of 154.90p equating to a 7.25% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2020 ZDP share at 31 December 2014 was 102.97p (31 December 2013 and 30 June 2014: not applicable).

All the ZDP shares are admitted to the Official List and to trading on the London Stock Exchange and are stated at amortised cost using the effective interest method. The ZDP shares carry no entitlement to income however they have a pre-determined final capital entitlement which ranks behind all other liabilities and creditors of the Company and Utilico Investments Limited but in priority to the ordinary shares of the Company and Utilico Investments Limited save in respect of certain winding up revenue profits of Utilico Investments Limited.

The growth of each ZDP share accrues daily and is reflected in the return and net asset value per ZDP share on an effective interest method.

Utilico Finance Limited

Unaudited Condensed Notes to the Accounts (continued)

7. Zero dividend preference shares (continued)

The ZDP shares do not carry any voting rights at general meetings of the Company. However the Company will not be able to carry out certain corporate actions unless it obtains the separate approval of the ZDP shareholders (treated as a single class) at a separate meeting. Separate approval of each class of ZDP shareholders must be obtained in respect of any proposals which would affect their respective rights, including any resolution to wind up the Company. In addition the approval of ZDP shareholders by the passing of a special resolution at separate class meetings of the ZDP shareholders is required in relation to any proposal to modify, alter or abrogate the rights attaching to any class of the ZDP shares and in relation to any proposal by the Company or its parent company which would reduce the Group's cover of the existing 2016 ZDP shares and 2018 ZDP shares below 1.5 times and the Group's cover of the existing 2020 ZDP shares below 1.35 times.

On a liquidation of Utilico Investments Limited and/or the Company, to the extent that the relevant classes of ZDP shares have not already been redeemed, the shares shall rank in the following order of priority in relation to the repayment of their accrued capital entitlement as at the date of liquidation:

- (i) the 2016 ZDP shares shall rank in priority to the 2018 ZDP Shares and the 2020 ZDP shares; and
- (ii) the 2018 ZDP shares shall rank in priority to the 2020 ZDP shares.

The entitlement of ZDP Shareholders of a particular class shall be determined in proportion to their holdings of ZDP shares of that class.

8. Ordinary share capital

	Number	£
Authorised		
Ordinary shares of 10p each	10	1
Issued and nil paid		
Balance at 31 December 2014, 31 December 2013 and 30 June 2014	10	-

In addition to receiving any income distributed by way of dividend, the ordinary shareholders will be entitled to all surplus assets after payment of all debts, including ZDP shares.

Net asset value per ordinary share is £nil (31 December 2013: nil and 30 June 2014: £nil) based on 10 shares in issue.

9. Parent company

Utilico Investments Limited, incorporated in Bermuda, is the parent company of the Company, holding 100% of the nil paid ordinary shares.

In the opinion of the Directors, the ultimate holding undertaking is the HH Stephens Trust, which owns 100% of General Provincial Life Pension Fund (L) Limited, incorporated in Malaysia, which holds 57.2% of the ordinary shares in Utilico Investments Limited.

10. Related party transactions

Utilico Investments Limited, General Provincial Life Pension Fund (L) Limited, the HH Stephens Trust and the Board of the Company are considered related parties. Amounts owing from related parties are disclosed in the financial statements in note 6 and interest receivable from related parties is disclosed in note 2.

11. Operating Segments

The Directors are of the opinion that the Company's activities comprise a single business segment of financing the Company's ZDP shares debt by lending current asset funds to its parent company and therefore no segmental reporting is provided.

Utilico Finance Limited

Unaudited Condensed Notes to the Accounts (continued)

12. Financial Risk Management

The Board of Directors is responsible for the Company's risk management. The Directors' policies and processes for managing the financial risks are set out in the interest rate exposure and credit risk management below.

The accounting policies which govern the reported Balance Sheet carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 1 to the accounts. The policies are in compliance with International Financial Reporting Standards as adopted by the European Union and best practice, and include the valuation of financial assets at fair value and liabilities at amortised cost.

Interest Rate exposure

The exposure of the financial assets and liabilities to interest risks is shown below:

31 December 2014	Total £'000s	Within one year £'000s	More than one year £'000s
Exposure to fixed rates			
Zero dividend preference shares	(166,480)	-	(166,480)
Intra-group loan	166,480	166,480	-
Net exposures			
At period end	-	166,480	(166,480)
Maximum in period	-	227,072	(227,072)
Minimum in period	-	164,539	(164,539)

31 December 2013	Total £'000s	Within one year £'000s	More than one year £'000s
Exposure to fixed rates			
Zero dividend preference shares	(206,908)	(75,235)	(131,673)
Intra-group loan	206,908	206,908	-
Net exposures			
At period end	-	131,673	(131,673)
Maximum in period	-	204,159	(204,159)
Minimum in period	-	130,888	(130,888)

30 June 2014	Total £'000s	Within one year £'000s	More than one year £'000s
Exposure to fixed rates			
Zero dividend preference shares	(214,164)	(77,809)	(136,355)
Intra-group loan	214,164	214,164	-
Net exposures			
At period end	-	136,355	(136,355)
Maximum in period	-	204,159	(204,159)
Minimum in period	-	130,888	(130,888)

Utilico Finance Limited

Unaudited Condensed Notes to the Accounts (continued)

12. Financial Risk Management (continued)

Credit Risk exposure

The Company is exposed to potential failure by its parent company to settle the ZDP share liability on behalf of the Company on the respective repayment dates. The Board assesses this risk at each Board meeting.

2016 ZDP shares

Based on their final entitlement of 192.78p per share, the final entitlement of the 2016 ZDP shares were covered 2.70 times by Utilico Investments Limited's gross assets on 31 December 2014. Should gross assets fall by 63.0% over the remaining life of the 2016 ZDP shares, then the 2016 ZDP shares would not receive their final entitlements in full. Should gross assets fall by 86.9%, equivalent to an annual fall of 67.0%, the 2016 ZDP shares would receive no payment at the end of their life.

2018 ZDP shares

Based on their final entitlement of 160.52p per share, the final entitlement of the 2018 ZDP shares were covered 1.73 times by Utilico Investments Limited's gross assets on 31 December 2014. Should the gross assets falls by 42.1% over the remaining life of the 2018 ZDP shares, then the 2018 ZDP shares would not receive their final entitlements in full. Should gross assets fall by 63.0%, equivalent to an annual fall of 22.8%, the 2018 ZDP shares would receive no payment at the end of their life.

2020 ZDP shares

Based on their final entitlement of 154.90p per share, the final entitlement of the 2020 ZDP shares were covered 1.47 times by Utilico Investments Limited's gross assets on 31 December 2014. Should gross assets fall by 32.0% over the remaining life of the 2014 ZDP shares, then the 2014 ZDP shares would not receive their final entitlements in full. Should gross assets fall by 42.1%, equivalent to an annual fall of 8.9%, the 2014 ZDP shares would receive no payment at the end of their life.

None of the Company's financial liabilities is past due or impaired.

Fair Values of financial assets and liabilities

The assets and liabilities of the Company are, in the opinion of the Directors, reflected in the Balance Sheet at fair value except for ZDP shares which are carried at amortised cost using effective interest method in accordance with IAS39, or at a reasonable approximation thereof.

The fair values of the ZDP shares based on their quoted market value were:

	31 December 2014 £'000s	31 December 2013 £'000s	30 June 2014 £'000s
2014 ZDP shares	-	76,950	77,273
2016 ZDP shares	87,440	80,631	84,137
2018 ZDP shares	68,409	58,316	63,923
2020 ZDP shares	27,125	-	-

Capital risk management

The objective of the Company is to finance and fund the redemption value of the ZDP shares. The Board has a responsibility for ensuring the Company's ability to continue as a going concern and to meet the redemption of the ZDP shares.

Utilico Finance Limited

Unaudited Condensed Notes to the Accounts (continued)

13. RESULTS

The condensed set of financial statements, forming the half-year accounts, has been neither audited nor reviewed by the Company's auditor. The latest published accounts are for the year ended 30 June 2014; the report of the auditor thereon was unqualified. The condensed financial statements shown above for the year ended 30 June 2014 are an extract from those accounts and are not the Company's statutory financial statements..