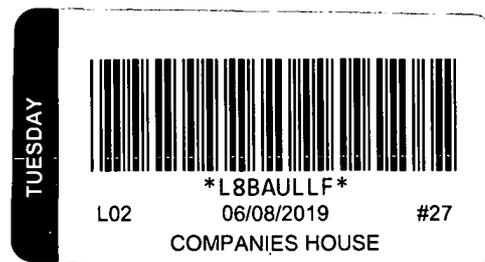


Registration number: 2340675

UK Power Networks Services (Powerlink Holdings) Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2019



UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

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UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

COMPANY INFORMATION

Directors Andrew John Hunter
Basil Scarsella
Loi Shun Chan

Company Secretary Andrew Pace

Registered office Newington House
237 Southwark Bridge Road
London
SE1 6NP
United Kingdom

Auditor Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their Strategic Report for the year ended 31 March 2019.

Principal activity

UK Power Networks Services (Powerlink Holdings) Limited (the "Company") is an investment holding company. The Company's subsidiary and joint venture investments are detailed in note 8.

Ownership

The Company is a wholly owned subsidiary of the group headed by UK Power Networks Holdings Limited (the "Group"), which owns and operates electricity distribution networks in London, the South East and East of England, serving over eight million connected homes and businesses.

Review of the business

The profit for the year before and after taxation was £655,000 (2018: £nil). No dividends were paid during the year (2018: £nil).

Principal risks and uncertainties

Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the Directors consider credit risk on liquid funds to be the key financial risk. This risk is mitigated by the policy of the Group to only deposit funds with banks of strong financial standing which have investment grade credit-ratings assigned by international credit agencies. A subcommittee of the Board, the Risk Management and Compliance Committee, oversees the risk management function and makes annual assessments of changes to significant risks and the effectiveness of the risk management processes.

Future developments

The Directors expect the Company to maintain a consistent financial position in the future.

Going concern

The Company's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Company has adequate resources to continue operating for the foreseeable future. Therefore the Directors continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board on 5 August 2019 and signed on its behalf by:



Basil Scarsella
Director

Newington House
237 Southwark Bridge Road
London
SE1 6NP
United Kingdom

UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their Annual Report including the Audited Financial Statements of the Company for the year ended 31 March 2019.

Details of the Company's risk management objectives and policies, future developments and going concern are included in the Strategic Report and form part of this report by cross reference.

Political contributions

The Company made no political donations in the current or prior year.

Directors of the Company

The Directors who held office during the year were as follows:

Andrew John Hunter

Basil Scarsella

Loi Shun Chan

None of the Directors had a service contract with the Company in the current or prior year.

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disclosure of information to Auditor

Each of the persons who is a director of the Company at the date of approval of this Annual Report confirms that:

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

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

Auditor

The Auditor, Deloitte LLP, is deemed reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 5 August 2019 and signed on its behalf by:



.....
Basil Scarsella
Director

UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors acknowledge their responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of UK Power Networks Services (Powerlink Holdings) Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 15 including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

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

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

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

UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Makhan Chahal ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

5 August 2019

UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £ 000	2018 £ 000
Income from fixed asset investments	6	<u>655</u>	<u>-</u>
Profit before tax		655	-
Taxation	7	<u>-</u>	<u>-</u>
Profit for the year		<u>655</u>	<u>-</u>

The above results were derived from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	2019 £ 000	2018 £ 000
Profit for the year	<u>655</u>	<u>-</u>
Total comprehensive income for the year	<u>655</u>	<u>-</u>

The notes on pages 11 to 16 form an integral part of these financial statements.

UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

BALANCE SHEET AS AT 31 MARCH 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Investments	8	800	800
Current assets			
Debtors falling due within one year	10	9	-
Investments	9	11	11
Cash at bank and in hand		<u>2,009</u>	<u>1,410</u>
		2,029	1,421
Creditors: Amounts falling due within one year	11	<u>-</u>	<u>(47)</u>
Net current assets		<u>2,029</u>	<u>1,374</u>
Net assets		<u>2,829</u>	<u>2,174</u>
Capital and reserves			
Called up share capital	12	10	10
Profit and loss account	12	<u>2,819</u>	<u>2,164</u>
Total shareholders' funds		<u>2,829</u>	<u>2,174</u>

The financial statements of UK Power Networks Services (Powerlink Holdings) Limited, registered number 2340675, were approved by the Board of Directors and authorised for issue on 5 August 2019. They were signed on its behalf by:



Basil Scarsella
Director

The notes on pages 11 to 16 form an integral part of these financial statements.

UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 April 2017	10	2,164	2,174
Profit/(loss) for the year	-	-	-
Total comprehensive income	-	-	-
At 31 March 2018	10	2,164	2,174

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 April 2018	10	2,164	2,174
Profit for the year	-	655	655
Total comprehensive income	-	655	655
At 31 March 2019	10	2,819	2,829

The notes on pages 11 to 16 form an integral part of these financial statements.

UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1 General information

UK Power Networks Services (Powerlink Holdings) Limited (the "Company") is incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales.

The principal activities of the Company and the nature of the Company's operations are set out in the Strategic Report on page 2.

The address of its registered office is:

Newington House
237 Southwark Bridge Road
London
SE1 6NP
United Kingdom

2 Accounting policies

The principal accounting policies adopted by the Company are set out below. They have all been applied consistently throughout the current and prior year.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council (FRC).

The functional currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company has taken advantage of certain exemptions in its financial statements on the basis that it meets the definition of a "qualifying entity" under FRS 102 being:

"a member of a group where the parent of that Group (UK Power Networks Holdings Limited) prepares publicly available consolidated financial statements which are intended to give a true and fair view and the member (the Company) is included in the consolidation".

The Company has therefore taken the exemption not to present a cash flow statement and not to disclose related party transactions with other wholly owned members of the Group.

Consolidation

The Company is exempt from preparing consolidated financial statements as it is a wholly owned subsidiary of UK Power Networks Holdings Ltd which prepares consolidated financial statements which include the results of the Company and are publicly available.

Going concern

As discussed in the Strategic Report the Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2 Accounting policies (continued)

Investments

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value. Income received from fixed asset investments is recognised on an accruals basis.

Tax

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In the Directors' opinion there are no critical judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in these financial statements.

4 Auditor's remuneration

The amount payable to Deloitte LLP was £6,300 (2018: £6,100) in respect of audit services and £nil (2018: £nil) in respect of non-audit services. Auditor's remuneration was borne in both years by another Group company.

5 Directors' remuneration and employee information

The Directors are not employed by the Company and did not receive any remuneration for services to the Company during the current or prior year.

The Company had no employees in the current or prior year.

6 Income from fixed asset investments

	2019 £ 000	2018 £ 000
Ordinary dividend receivable from subsidiary	632	-
Ordinary dividend receivable from joint venture	23	-
	<u>655</u>	<u>-</u>

UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

7 Taxation

Tax charged/(credited) to the profit and loss account

	2019	2018
	£ 000	£ 000
Current taxation		
UK corporation tax	-	-
Total current tax	-	-
Total tax charge/(credit)	-	-

The total tax assessed for the year was lower than the standard rate of 19% (2018: 19%) applied to profit before tax. The differences are reconciled below:

	2019	2018
	£ 000	£ 000
Profit before tax	655	-
Corporation tax at standard rate	124	-
Income not taxable in determining taxable profit	(124)	-
Total tax charge/(credit)	-	-

Tax rate changes

The Finance Act 2016 enacted a reduction in the UK Corporation tax rate from 19% to 17% with effect from 1 April 2020.

The current tax rate applied during the year was 19% (2018: 19%) based on the standard rate of corporation tax substantively enacted at the reporting date.

UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

8 Fixed asset investments

	2019	2018
	£ 000	£ 000
Investments in subsidiaries and joint ventures	<u>800</u>	<u>800</u>

The Company has investments in the following subsidiaries and joint ventures:

Subsidiaries	Principal activity	Share
UK Power Networks Services Powerlink Ltd	Asset management	80%
Joint ventures	Principal activity	Share
Power Asset Development Co. Ltd	Asset management	50%

The entities, listed above are registered at the following address:

Newington House
237 Southwark Bridge Road
London
SE1 6NP
United Kingdom

9 Current asset investments

	2019	2018
	£ 000	£ 000
Other investments	<u>11</u>	<u>11</u>

Investments comprise treasury stock at a cost of £10,000 (2018: £10,000) redeemable at the same value, and equity shares in trade investments at a cost of £731 (2018: £731). The equity shares are traded on the London Stock Exchange and as at 31 March 2019 had a market value of £418 (2018: £478).

UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

10 Debtors

	2019 £ 000	2018 £ 000
Amounts falling due within one year:		
Corporation tax receivable	<u>9</u>	<u>-</u>

11 Creditors

	2019 £ 000	2018 £ 000
Amounts falling due within one year:		
Amounts owed to Group undertakings	-	46
Corporation tax	<u>-</u>	<u>1</u>
	<u>-</u>	<u>47</u>

12 Called up share capital and reserves

	2019 £ 000	2018 £ 000
Share capital: Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	<u>10</u>	<u>10</u>

Reserves

The Company's profit and loss account represents cumulative profits or losses net of dividends paid.

13 Contingent liabilities

On 11 August 1998 UK Power Networks Services Powerlink Limited issued 7,200,000 ordinary shares with a paid up value of £1 per share to UK Power Networks Services (Powerlink Holdings) Limited. UK Power Networks Services (Powerlink Holdings) Limited contractually agreed to settle the outstanding amount upon written notice, in the event of further funding required by UK Power Networks Services Powerlink Limited.

UK POWER NETWORKS SERVICES (POWERLINK HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

14 Related party transactions

The Company has taken an exemption under FRS 102 (section 33 2.2) not to disclose transactions with other wholly owned members of the Group. The Company qualifies for this exemption on the basis that it is a wholly owned subsidiary of a parent which prepares publicly available consolidated financial statements intended to give a true and fair view of the financial position and results of the group, and the Company is included within the consolidation. No other related party transactions were entered into during the current and prior year.

15 Parent and ultimate parent undertaking

The Company's immediate parent is UK Power Networks Services (Asset Management) Holdings Limited, incorporated in the United Kingdom and registered in England and Wales at the following address:

Newington House
237 Southwark Bridge Road
London
SE1 6NP

UK Power Networks Services Holdings Limited, incorporated in the United Kingdom and registered in England and Wales at the above address, is the parent of the smallest group in which the Company's financial statements are consolidated.

The ultimate controlling party and parent of the largest group in which the Company's financial statements are consolidated is UK Power Networks Holdings Limited, incorporated in the United Kingdom and registered in England and Wales at the above address.

Copies of the financial statements of UK Power Networks Holdings Limited and UK Power Networks Services Holdings Limited may be obtained from the Company Secretary at Energy House, Carrier Business Park, Hazelwick Avenue, Three Bridges, Crawley, West Sussex, RH10 1EX.

UK Power Networks Holdings Limited is owned by a consortium comprising:

- Power Assets Holdings Limited, incorporated in Hong Kong;
- Li Ka Shing Foundation Limited, incorporated in Hong Kong; and
- CK Infrastructure Holdings Limited, incorporated in Bermuda.

In the Directors' opinion, UK Power Networks Holdings Limited has no single controlling party as it is jointly controlled by the consortium.