

Registration number: 2340677

Power Asset Development Company Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2022



POWER ASSET DEVELOPMENT COMPANY LIMITED

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POWER ASSET DEVELOPMENT COMPANY LIMITED

COMPANY INFORMATION

Directors Colin Burke
David P Mitchell

Company secretary Nicholas R Zentner

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

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

POWER ASSET DEVELOPMENT COMPANY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Directors present their Strategic Report for the year ended 31 March 2022.

Principal activity

The principal activity of Power Asset Development Company Limited ("PADCo", "The Company") was the design, construction, renewal and financing of electrical distribution equipment for London Underground ("LUL"). The electrical distribution equipment was operated and maintained by a related party UK Power Networks Services Powerlink Limited ("Powerlink") as part of the Power Service Contract ("PSC") with LUL.

The PSC ended in 2013 after LUL exercised the option for Discretionary Termination under the terms of the contract. There were no transactions in the current year or the prior year related to the PSC.

The Balance Sheet on page 12 of the financial statements demonstrates PADCo's financial position at the year end, which comprises cash assets.

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 the East of England serving over 8 million connected homes and businesses.

The Company was formerly part of a joint venture arrangement between UK Power Networks Services (Powerlink Holdings) Limited (a wholly owned subsidiary of the Group) and external parties ABB Investments Limited and Balfour Beatty Infrastructure Investments Limited. On 25 August 2021 UK Power Networks Services (Powerlink Holdings) Limited gained full control and became the sole owner of the Company after purchasing the 25% interest held by ABB Investments Limited and the 25% interest held by Balfour Beatty Infrastructure Investments Limited.

Review of the business

The result for the year before and after taxation was £nil (2021: £nil). Net assets at 31 March 2022 were £5,000 (2021: £5,000).

No dividends were paid in the current or prior year.

Key performance indicators

The key performance indicator used by the Board of Directors in their monitoring of the Company is the level of its cash reserves which is a measure of liquidity:

	2022	2021
	£ 000	£ 000
Cash and cash equivalent balances	<u>5</u>	<u>5</u>

POWER ASSET DEVELOPMENT COMPANY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

Principal risks and uncertainties

Due to the nature of 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 a risk management framework, implemented on group wide basis, which includes the policy to only deposit funds with banks of strong financial standing with investment grade credit-ratings assigned by international credit agencies. A sub-committee of the Group 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 and going concern

The Company has no further obligations under the PSC contract. The Directors continue to consider their options with regard to developing the business going forward.

Due to the current non-trading status of the Company, these financial statements are prepared on the basis that the Company is no longer a going concern. No adjustments have arisen as a result of ceasing to apply the going concern basis.

Approved by the Board on 11 August 2022 and signed on its behalf by:



.....
Colin Burke
Director

POWER ASSET DEVELOPMENT COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Directors present their Annual Report including the Audited Financial Statements of the Company for the year ended 31 March 2022.

Details of future developments and going concern are included in the Strategic Report on page 3 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 and subsequently were as follows:

Colin Burke

Lynn Gladwell (resigned 25 August 2021)

David P Mitchell

George D Stewart (resigned 25 August 2021)

Brian Walker (resigned 25 August 2021)

None of the Directors had a service contract with the Company in the current year or prior period. Each Director is employed by one of the shareholding or affiliated group Companies, UK Power Networks (Operations) Limited, ABB Investments Limited or Balfour Beatty Infrastructure Investments Limited and has a service contract with the respective Company.

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.

POWER ASSET DEVELOPMENT COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

Approved by the Board on 11 August 2022 and signed on its behalf by:

A handwritten signature in black ink, consisting of several overlapping loops and a final flourish extending to the right.

.....
Colin Burke
Director

POWER ASSET DEVELOPMENT COMPANY 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), including FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland". 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 UK 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 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.

POWER ASSET DEVELOPMENT COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POWER ASSET DEVELOPMENT COMPANY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its result 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 Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the related notes 1 to 7.

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 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.

Emphasis of matter - financial statements prepared other than on a going concern basis

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern.

Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POWER ASSET DEVELOPMENT COMPANY LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 6, 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POWER ASSET DEVELOPMENT COMPANY LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions, and IT, specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports, and reviewing correspondence with HMRC.

POWER ASSET DEVELOPMENT COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POWER ASSET DEVELOPMENT COMPANY LIMITED

Report on other legal and regulatory requirements

Opinion on other matter 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 the 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.

Matters on which we are required to report by exception

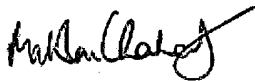
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



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Makhan Chahal, ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

London
United Kingdom

11 August 2022

POWER ASSET DEVELOPMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £ 000	2021 £ 000
Turnover		-	-
Administrative expenses		-	-
Profit/(loss) before tax		-	-
Taxation		-	-
Profit/(loss) for the financial year		-	-

All results are derived from discontinued operations in both the current and preceding year.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	2022 £ 000	2021 £ 000
Profit/(loss) for the financial year	-	-
Total comprehensive income for the year	-	-

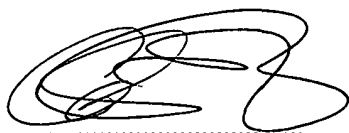
The notes on pages 14 to 16 form an integral part of these financial statements.

POWER ASSET DEVELOPMENT COMPANY LIMITED

BALANCE SHEET AS AT 31 MARCH 2022

	Note	2022 £ 000	2021 £ 000
Current assets			
Cash at bank and in hand		<u>5</u>	<u>5</u>
Net current assets		<u>5</u>	<u>5</u>
Net assets		<u>5</u>	<u>5</u>
Capital and reserves			
Called up share capital	6	-	-
Profit and loss account	6	<u>5</u>	<u>5</u>
Shareholders' funds		<u>5</u>	<u>5</u>

Approved and authorised by the Board on 11 August 2022 and signed on its behalf by:



Colin Burke
Director

The notes on pages 14 to 16 form an integral part of these financial statements.

POWER ASSET DEVELOPMENT COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Called Up Share capital £ 000	Profit and loss account £ 000	Total shareholders' funds £ 000
At 1 April 2020	<u>-</u>	<u>5</u>	<u>5</u>
At 31 March 2021	<u>-</u>	<u>5</u>	<u>5</u>

	Called up Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 April 2021	<u>-</u>	<u>5</u>	<u>5</u>
At 31 March 2022	<u>-</u>	<u>5</u>	<u>5</u>

The notes on pages 14 to 16 form an integral part of these financial statements.

POWER ASSET DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 General information

Power Asset Development Company 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 pages 2 to 3.

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 preceding period.

Basis of preparation

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.

Going concern

As discussed in the strategic report the Company has no further obligations under the PSC contract. The Directors continue to consider their options with regard to developing the business going forward. Due to the current non-trading status of the Company, these financial statements are prepared on the basis that the Company is no longer a going concern. No adjustments have arisen as a result of ceasing to apply the going concern basis.

POWER ASSET DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2 Accounting policies (continued)

Taxation

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 1, 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. Such estimates and the associated assumptions would be based on historical experience or 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 the financial statements.

4 Auditors' remuneration

The amount payable to Deloitte LLP was £6,900 (2021: 6,700) in respect of audit services and £Nil (2021: £Nil) in respect of non-audit services. Auditor's remuneration was borne in both years by another group company.

5 Directors' emoluments

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 Called up share capital and reserves

	2022 £	2021 £
100 ordinary shares at £1 each	<u>100</u>	<u>100</u>

POWER ASSET DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

7 Parent and ultimate parent undertaking

Until 25 August 2021 the Company was jointly controlled by the following entities each having a significant, but not dominant influence over the Company:

- UK Power Networks Services (Powerlink Holdings Limited) (50% shareholding)
- ABB Investments Limited (25% shareholding)
- Balfour Beatty Infrastructure Investments Limited (25% shareholding)

On 25 August 2021 UK Power Networks Services (Powerlink Holdings) Limited gained full control and became the sole immediate parent of the Company after purchasing the 25% interest held by ABB Investments Limited and the 25% interest held by Balfour Beatty Infrastructure Investments Limited. From that date the Company's ultimate controlling party was UK Power Networks Holdings Limited.

UK Power Networks Holdings Limited and UK Power Networks Services (Powerlink Holdings) Limited are both 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 Holdings Limited is the parent of the largest group in which the Company's financial statements are consolidated. UK Power Networks Services Holdings Limited, also 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. 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:

- **CK Infrastructure Holdings Limited** (40% shareholding) incorporated in Bermuda;
- **Power Assets Holdings Limited** (40% shareholding) incorporated in Hong Kong; and
- **CK Asset Holdings Limited** (20% shareholding) incorporated in the Cayman Islands.

The 20% share now held by CK Asset Holdings Limited was previously owned by Li Ka-Shing Foundation Limited incorporated in Hong Kong. The transfer of ownership took place on 21 May 2021.

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