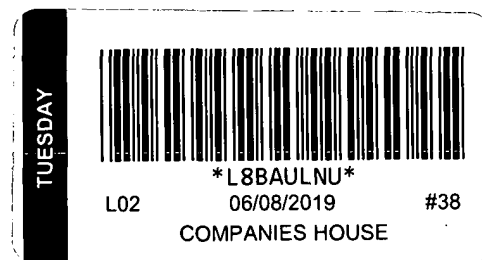


Registration number: 2366867

UK Power Networks Services (South East) Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2019



UK POWER NETWORKS SERVICES (SOUTH EAST) LIMITED

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UK POWER NETWORKS SERVICES (SOUTH EAST) 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 (SOUTH EAST) 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

The principal activity of UK Power Networks Services (South East) Limited (the "Company") is the provision of management services, property services and the holding of investments for the UK Power Networks Group ("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.

The Company's subsidiary and joint venture investments are listed in note 10.

Review of the business

The results for the year amounted to a profit before taxation of £0.8m (2018: £1.0m) and a loss after taxation of £0.1m (2018: profit after taxation of £0.3m).

No dividends were paid during the year (2018: £nil).

Key performance indicators (KPIs)

The key performance indicators used by the Board of Directors in their monitoring of the Company include:

	2019 £ m	2018 £ m
Financial performance		
Turnover	0.9	1.0
EBITDA (Profit before interest, tax, depreciation and amortisation)	<u>1.2</u>	<u>1.4</u>

Financial performance indicators represent the key financial metrics that reflect the financial health of the business.

Compared to the prior year, turnover has reduced by £0.1m and EBITDA has decreased by £0.2m.

UK POWER NETWORKS SERVICES (SOUTH EAST) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Key performance indicators (KPIs) continued

EBITDA as an alternative performance measure

The EBITDA measure excludes the effect of interest, taxation, depreciation and amortisation from earnings and is therefore relevant in monitoring the operational performance of the business. The closest statutory measure is operating profit which is reconciled to EBITDA as follows:

	2019 £m	2018 £m
Operating profit	0.7	0.2
Profit on disposal of tangible fixed assets	-	0.7
Depreciation of tangible fixed assets	0.5	0.5
EBITDA	1.2	1.4

Removing the effect of depreciation and amortisation from operating profit provides a clearer measure of operating efficiencies within the business.

Principal risks and uncertainties

The Company is exposed to financial risk through its financial assets and liabilities. The Group observes formal risk management policies and procedures and promotes a robust control environment at all levels of the organisation, to manage financial risk.

The key financial risk is that the proceeds from financial assets are not sufficient to fund financial obligations as they fall due. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the most relevant financial risks are credit and liquidity risk.

The Company's exposure to credit and liquidity risk is reduced as it is a wholly owned subsidiary of the UK Power Networks Holdings Group of companies. Credit risk is mitigated by the nature of the debtor balances owed with these being due from other Group companies of strong financial standing. In addition, the liquidity risk is mitigated by the strong financial standing of the parent UK Power Networks Services Holdings Limited.

Future developments

The Directors expect the Company to maintain a consistent level of performance in the future.

UK POWER NETWORKS SERVICES (SOUTH EAST) LIMITED

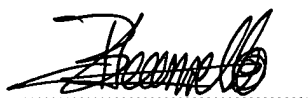
STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Going concern

The Company has net current liabilities of £688.5m at 31 March 2019, which arise primarily from a long-standing debt of £910.0m due to its directly owned subsidiary UK Power Networks Services (Development) Limited, which is interest free and repayable on demand. The parent company UK Power Networks Services Holdings Limited has confirmed that it will provide the necessary support to enable the Company to meet its obligations as they fall due for a period of not less than twelve months from the date of approval of these financial statements.

On the basis of their assessment of the Company's financial position and of the enquiries made to the directors of UK Power Networks Services Holdings Limited, the Company's Directors have a reasonable expectation that the Company will be able to continue operating for the foreseeable future. Therefore, they 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 (SOUTH EAST) 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:

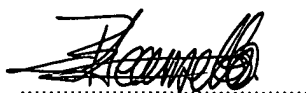
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's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

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

Report on the audit of financial statements

Opinion

In our opinion the financial statements of UK Power Networks Services (South East) 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 loss 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 (SOUTH EAST) LIMITED

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

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

Matters on which we are required to report by exception

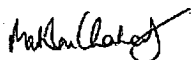
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 (SOUTH EAST) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £ m	2018 £ m
Turnover	4	0.9	1.0
Operating costs		<u>(0.2)</u>	<u>(0.8)</u>
Operating profit	5	0.7	0.2
Profit on disposal of tangible fixed assets		-	0.7
Interest receivable and similar income	7	<u>0.1</u>	<u>0.1</u>
Profit before tax		0.8	1.0
Taxation	8	<u>(0.9)</u>	<u>(0.7)</u>
(Loss)/profit for the year		<u><u>(0.1)</u></u>	<u><u>0.3</u></u>

The above results were derived from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	2019 £ m	2018 £ m
(Loss)/profit for the year	<u>(0.1)</u>	<u>0.3</u>
Total comprehensive (loss)/profit for the year	<u><u>(0.1)</u></u>	<u><u>0.3</u></u>

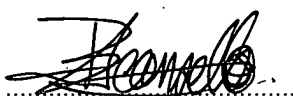
The notes on pages 13 to 21 form an integral part of these financial statements.

UK POWER NETWORKS SERVICES (SOUTH EAST) LIMITED

BALANCE SHEET AS AT 31 MARCH 2019

	Note	2019 £ m	2018 £ m
Fixed assets			
Tangible assets	9	8.8	9.3
Investments	10	<u>919.2</u>	<u>919.2</u>
		<u>928.0</u>	<u>928.5</u>
Current assets			
Debtors falling due within one year	11	296.1	296.1
Cash at bank and in hand		<u>13.1</u>	<u>14.3</u>
		309.2	310.4
Creditors: Amounts falling due within one year	12	<u>(997.7)</u>	<u>(999.3)</u>
Net current liabilities		<u>(688.5)</u>	<u>(688.9)</u>
Net assets		<u>239.5</u>	<u>239.6</u>
Capital and reserves			
Called up share capital	13	125.8	125.8
Share premium account	13	7.8	7.8
Capital redemption reserve	13	6.8	6.8
Profit and loss account	13	<u>99.1</u>	<u>99.2</u>
Total shareholders' funds		<u>239.5</u>	<u>239.6</u>

The financial statements of UK Power Networks Services (South East) Limited, registered number 2366867, 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 13 to 21 form an integral part of these financial statements.

UK POWER NETWORKS SERVICES (SOUTH EAST) LIMITED

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

	Called up share capital £ m	Share premium account £ m	Capital redemption reserve £ m	Profit and loss account £ m	Total £ m
At 1 April 2017	125.8	7.8	6.8	98.9	239.3
Profit for the year	-	-	-	0.3	0.3
Total comprehensive income	-	-	-	0.3	0.3
At 31 March 2018	125.8	7.8	6.8	99.2	239.6

	Called up share capital £ m	Share premium account £ m	Capital redemption reserve £ m	Profit and loss account £ m	Total £ m
At 1 April 2018	125.8	7.8	6.8	99.2	239.6
Loss for the year	-	-	-	(0.1)	(0.1)
Total comprehensive loss	-	-	-	(0.1)	(0.1)
At 31 March 2019	125.8	7.8	6.8	99.1	239.5

The notes on pages 13 to 21 form an integral part of these financial statements.

UK POWER NETWORKS SERVICES (SOUTH EAST) LIMITED

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

1 General information

UK Power Networks Services (South East) 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 4.

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.

UK POWER NETWORKS SERVICES (SOUTH EAST) LIMITED

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

2 Accounting policies (continued)

Going concern

The Company has net current liabilities of £688.5m which arise primarily from a long-standing debt of £910.0m, due to its directly owned subsidiary UK Power Networks Services (Development) Limited, which is interest free and repayable on demand. The parent company UK Power Networks Services Holdings Limited has confirmed that it will provide the necessary support to enable the Company to meet its obligations as they fall due for a period of not less than twelve months from the date of approval of these financial statements.

On the basis of their assessment of the Company's financial position and of the enquiries made to the directors of UK Power Networks Services Holdings Limited, the Company's directors have a reasonable expectation that the Company will be able to continue operating for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

Investments

Fixed asset investments are shown at cost less provision for impairment. Income received from fixed asset investments is recognised on an accruals basis.

Tangible assets

Tangible assets are stated at historical cost, net of depreciation and provision for impairment. The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation. The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Asset class	Depreciation rate
Furniture, fixtures and equipment	3 to 10 years
Land	Not depreciated
Buildings	40 years

Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease, even if the payments are not made on such a basis.

UK POWER NETWORKS SERVICES (SOUTH EAST) LIMITED

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

2 Accounting policies (continued)

Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly within the same component of other comprehensive income.

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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is provided for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets with no likely subsequent rollover or available capital losses. Provision is made for gains on re-valued fixed assets only where there is a commitment to dispose of the re-valued assets and the attributable gain can neither be rolled over nor eliminated by capital losses.

Deferred tax is measured on an undiscounted basis using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and that are expected to apply to the reversal of the timing difference.

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 may be required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience or other factors that are considered to be relevant. Actual results might 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.

UK POWER NETWORKS SERVICES (SOUTH EAST) LIMITED

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

4 Turnover

Turnover, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to the continuing activities of property management services.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and to the extent that it can be measured reliably.

Operating lease rental income for the year amounted to £0.9m (2018: £1.0m).

5 Operating profit

Arrived at after charging:

	2019 £ m	2018 £ m
Depreciation expense	<u>0.5</u>	<u>0.5</u>

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.

6 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.

7 Other interest receivable and similar income

	2019 £ m	2018 £ m
Other interest receivable	<u>0.1</u>	<u>0.1</u>

UK POWER NETWORKS SERVICES (SOUTH EAST) LIMITED

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

8 Taxation

Tax charged to the profit and loss account

	2019 £ m	2018 £ m
Current taxation		
UK corporation tax	0.8	0.7
Adjustments in respect of prior years	0.1	-
Total current taxation	0.9	0.7
Deferred taxation		
Total deferred taxation	-	-
Total tax charge	0.9	0.7

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

	2019 £ m	2018 £ m
Profit before tax	0.8	1.0
Corporation tax at standard rate	0.2	0.2
Expenses not deductible for tax purposes	0.6	0.5
Adjustments to current tax in respect of prior years	0.1	-
Total tax charge	0.9	0.7

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%) and deferred tax was calculated at 17% (2018: 17%) based on the standard rate of corporation tax substantively enacted at the reporting date.

UK POWER NETWORKS SERVICES (SOUTH EAST) LIMITED

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

9 Tangible assets

	Land and buildings £ m	Furniture, fittings and equipment £ m	Total £ m
Cost			
At 1 April 2018	<u>17.6</u>	<u>0.2</u>	<u>17.8</u>
At 31 March 2019	<u>17.6</u>	<u>0.2</u>	<u>17.8</u>
Depreciation			
At 1 April 2018	8.3	0.2	8.5
Charge for the year	<u>0.5</u>	<u>-</u>	<u>0.5</u>
At 31 March 2019	<u>8.8</u>	<u>0.2</u>	<u>9.0</u>
Net book value			
At 31 March 2019	<u>8.8</u>	<u>-</u>	<u>8.8</u>
At 31 March 2018	<u><u>9.3</u></u>	<u><u>-</u></u>	<u><u>9.3</u></u>

The net book value of land and buildings comprised land at £0.3m (2018: £0.3m), buildings at £8.5m (2018: £9.0m) and short leasehold at £nil (2018: £nil).

UK POWER NETWORKS SERVICES (SOUTH EAST) LIMITED

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

10 Fixed asset investments

	2019 £ m	2018 £ m
Investments in subsidiaries and joint ventures	<u>919.2</u>	<u>919.2</u>

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

Subsidiaries	Principal activity	%
UK Power Networks Services (Development) Ltd	Investment holding	100%
*UK Power Networks Services (Asset Management) Ltd	Investment holding	100%
*UK Power Networks Services (Commercial) Ltd	Electrical contracting	100%
*UK Power Networks Services (Powerlink Holdings) Ltd	Investment holding	100%
*UK Power Networks Services Powerlink Ltd	Asset management	80%
Joint ventures	Principal activity	%
*Power Asset Development Co. Ltd	Asset management	50%
*MUJV Ltd	Utility infrastructure management	49.9%

*Indirectly held subsidiaries and joint ventures

The joint venture MUJV Ltd is registered at:

Aspire Business Centre
Ordnance Road
Tidworth
Wiltshire
SP9 7QD
United Kingdom

All other entities listed above are registered at:

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

UK POWER NETWORKS SERVICES (SOUTH EAST) LIMITED

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

11 Debtors

	2019 £ m	2018 £ m
Amounts falling due within one year:		
Amounts owed by Group undertakings	296.0	296.0
Deferred tax assets	0.1	0.1
	<u>296.1</u>	<u>296.1</u>

Amounts owed by Group undertakings are interest free and repayable on demand.

12 Creditors

	2019 £ m	2018 £ m
Amounts falling due within one year:		
Amounts owed to Group undertakings	995.0	995.1
Corporation tax	0.9	1.5
Accruals and deferred income	1.8	2.7
	<u>997.7</u>	<u>999.3</u>

Amounts owed to Group undertakings are interest free and repayable on demand.

13 Called up share capital and reserves

	2019 £ m	2018 £ m
Share capital: Allotted, called up and fully paid		
251,693,703 ordinary shares of £0.50 each	<u>125.8</u>	<u>125.8</u>

Reserves

The share premium account contains the premium arising on issue of equity shares, net of issue expenses.

The capital redemption reserve represents the value of historical repurchases of the Company's own share capital.

The profit and loss account represents cumulative profits or losses, net of dividends paid.

UK POWER NETWORKS SERVICES (SOUTH EAST) 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 or prior year.

15 Parent and ultimate parent undertaking

The Company's immediate parent is UK Power Networks Services 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 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.