



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

**Registered Number 2743900**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 December 2011**



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### **Directors**

Andrew John Hunter  
Neil Douglas McGee  
Basil Scarsella

### **Company Secretary**

Christopher Baker

### **Auditor**

Deloitte LLP  
2 New Street Square  
London  
EC4A 3BZ

### **Registered Office**

Newington House,  
237 Southwark Bridge Road  
London  
SE1 6NP

## **DIRECTORS' REPORT**

The Directors present their annual report and audited financial statements for the year ended 31 December 2011. The Directors' report has been prepared in accordance with the special provisions relating to small companies under section 415(A) of the Companies Act 2006.

### **Principal activity and review of the business**

The principal activity of UK Power Networks (South East Services) Limited (the "Company") is property services. It will continue in this activity for the foreseeable future.

### **Business Review**

The profit for the year before taxation, amounted to £154,000 (2010: £39,000) and after taxation, to £113,000 (2010: £28,000). No dividends were paid in the current or prior year.

The UK Power Networks group ("the Group") manages its operations on a business segment basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the business segments including this Company is discussed in the Group's Annual Report which does not form part of this report.

### **Future developments**

The Directors regard the results for the year and the year end financial position as satisfactory and expect the Company to continue to perform to a satisfactory level in the future.

### **Directors**

Directors who held office during the year and subsequently were as follows:

Andrew John Hunter  
Neil Douglas McGee  
Basil Scarsella

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.

### **Financial risk management**

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet the only financial risks the Directors consider relevant to this Company are credit risk and liquidity risk. These risks are mitigated by the nature of the debtor balances owed, with these due from other Group companies able to pay their debt if required.

### **Going concern**

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

## **DIRECTORS' REPORT Continued**

### **Political and charitable contributions**

The Company made no charitable contributions and no political contributions in either year

### **Disclosure of information to Auditor**

Each of the persons who is a director 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**

On 20 October 2003 the Company passed an elective resolution dispensing with the requirement to appoint an auditor annually. In accordance with s487 of the Companies Act 2006, Deloitte LLP are deemed re-appointed until such time as the members or the Directors determine otherwise

Approved by the Board and signed on its behalf by



B Scarsella  
Director  
18 April 2012

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible 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 the affairs of the Company and of the profit and loss of the Company for the year. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, 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.

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

We have audited the financial statements of UK Power Networks (South East Services) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

**Respective responsibilities of Directors and Auditor**

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.



**Makhan Chahal (Senior statutory auditor)**  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
18 April 2012

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	<i>Note</i>	<b>2011 £000</b>	<b>2010 £000</b>
Turnover	2	<b>551</b>	305
Cost of sales		<b>(107)</b>	(136)
<b>Gross profit</b>		<b>444</b>	169
Administrative expenses		<b>(291)</b>	(130)
<b>Profit on ordinary activities before interest and taxation</b>	3	<b>153</b>	39
Interest receivable and similar income	5	1	-
<b>Profit on ordinary activities before taxation</b>		<b>154</b>	39
Tax on profit on ordinary activities	6	<b>(41)</b>	(11)
<b>Profit for the financial year</b>	11	<b>113</b>	28

There were no recognised gains or losses in either year other than the profit for that year and accordingly a statement of total recognised gains and losses is not presented

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

**UK POWER NETWORKS (SOUTH EAST SERVICES) LIMITED**  
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**31 DECEMBER 2011**

**BALANCE SHEET**  
**AT 31 DECEMBER 2011**

	<i>Note</i>	<b>2011 £000</b>	2010 £000
<b>Fixed assets</b>			
Tangible fixed assets	7	660	660
<b>Current assets</b>			
Debtors	8	1,102	-
Cash		124	952
		<b>1,226</b>	952
<b>Creditors: amounts falling due within one year</b>	9	<b>(372)</b>	(211)
<b>Net current assets</b>		<b>854</b>	741
<b>Net assets</b>		<b>1,514</b>	1,401
<b>Capital and reserves</b>			
Called up share capital	10	660	660
Profit and loss account	11	854	741
<b>Shareholder's funds</b>	11	<b>1,514</b>	1,401

The financial statements of UK Power Networks (South East Services) Limited, registered number 2743900, on pages 6 to 13 were approved by the Board of Directors on 18 April 2012 and were signed on its behalf by



**B Scarsella**  
**Director**



## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting policies

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

#### Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

#### Going concern

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

#### Cash flow statement

The Company is exempt from preparing a cash flow statement under the terms of FRS 1 'Cash flow statements (revised 1996)' as it is a member of a group, headed by UK Power Networks Holdings Limited whose consolidated accounts include a cash flow statement and are publicly available.

#### Tangible fixed assets

Freehold land is stated at cost and is not depreciated. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### Turnover

Revenue is recognised on long-term leases on a straight-line basis over the lease term with reference to amounts chargeable under the lease and reported in turnover. Amounts unpaid at the year end are included in debtors.

#### 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.

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, with the following exceptions:

- provision is made 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, and
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on an undiscounted basis.

**NOTES TO THE FINANCIAL STATEMENTS Continued**

**1. Accounting policies continued**

**Leasing**

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis.

**2. Turnover**

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

**3. Profit on ordinary activities before interest and taxation**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
This is stated after charging / (crediting)		
Operating lease rental payable on land	<b>22</b>	<b>22</b>
Operating lease rentals receivable on land	<b>(551)</b>	<b>(305)</b>

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Amounts payable to Deloitte LLP and their associates in respect of audit services for the Company were £5,000 (2010 £5,000) Auditors' remuneration was borne in both years by another group company

The Company had no employees in 2011 and 2010

**4. Directors' emoluments**

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

**5. Interest receivable and other income**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Bank interest receivable	<b>1</b>	<b>-</b>

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## NOTES TO THE FINANCIAL STATEMENTS Continued

### 6. Tax on profit on ordinary activities

#### (a) Analysis of tax charge in the year

	2011 £000	2010 £000
<b>UK current tax</b>		
UK corporation tax charge on profit for the year	41	11
Adjustment in respect of previous years	-	-
<b>Total current tax charge for the year (note (b))</b>	<b>41</b>	<b>11</b>

#### (b) Factors affecting tax charge for the year

	2011 £000	2010 £000
Profit on ordinary activities before tax	154	39
Tax on profit on ordinary activities at standard UK rate of corporation tax of 26.5% (2010: 28%)	41	11
Effect of Permanent differences	-	-
Adjustment in respect of previous years	-	-
<b>Current tax charge for the year</b>	<b>41</b>	<b>11</b>

A reduction in the mainstream UK tax rate from 28% to 26%, effective 1 April 2011, was enacted in the Finance Act 2011 resulting in an average corporation tax rate for the year of 26.5%. A further reduction to 25% effective from 1 April 2012 was enacted in the Finance Act 2011 in July 2011. This had no impact on the results for the year. The Finance Bill 2012 contains an additional reduction in the mainstream corporation tax rate from 25% to 24% effective 1 April 2012 and to 23% effective 1 April 2013. This change had not been substantively enacted in Law at the balance sheet date and therefore is not relevant to these financial statements.

### 7. Tangible fixed assets

The net book value of freehold land as at 31 December 2011 and 31 December 2010 is £660,000.

**NOTES TO THE FINANCIAL STATEMENTS Continued**

**8 Debtors**

	<b>2011 £000</b>	<b>2010 £000</b>
<b>Debtors: amounts falling due within one year</b>		
Trade debtors	<b>152</b>	-
Amounts owed by other group companies	<b>950</b>	-
	<b>1,102</b>	-

**9. Creditors: amounts falling due within one year**

	<b>2011 £000</b>	<b>2010 £000</b>
Amounts owed to Group undertakings	<b>6</b>	4
Corporation tax (Group payments)	<b>51</b>	10
Other creditors	<b>190</b>	108
Accruals and deferred income	<b>125</b>	89
	<b>372</b>	211

**10. Share capital**

Authorised	<b>2011 Number</b>	<b>2010 Number</b>	<b>2011 £000</b>	<b>2010 £000</b>
Ordinary shares of £1 each	<b>1,000,000</b>	1,000,000	<b>1,000</b>	1,000
Allotted, called up and fully paid	<b>2011 Number</b>	<b>2010 Number</b>	<b>2011 £000</b>	<b>2010 £000</b>
Ordinary shares of £1 each	<b>660,000</b>	660,000	<b>660</b>	660

## NOTES TO THE FINANCIAL STATEMENTS Continued

### 11. Reconciliation of shareholder's funds

	Share Capital	Profit and loss account	Total Share- holder's funds
	£000	£000	£000
At 1 January 2010	660	713	1,373
Profit for the year	-	28	28
At 31 December 2010	660	741	1,401
Profit for the year	-	113	113
<b>At 31 December 2011</b>	<b>660</b>	<b>854</b>	<b>1,514</b>

### 12. Financial commitments

At 31 December 2011 the Company had annual commitments under non-cancellable operating leases as set out below

	2011 £000	2010 £000
Operating lease on land which expires		
In over five years	22	22

### 13. Related parties

In accordance with FRS 8 'Related party disclosures', the Company is exempt from disclosing transactions with entities that are part of the Group or investees of the Group qualifying as related parties, as it is a wholly owned subsidiary of a parent which prepares consolidated accounts which are publicly available

**NOTES TO THE FINANCIAL STATEMENTS Continued**

**14. Parent undertaking and controlling party**

UK Power Networks Services (Asset Management) Limited holds a 100% interest in UK Power Networks (South East Services) Limited and is considered to be the immediate parent company

UK Power Networks Services Holdings Limited heads the smallest group for which consolidated accounts are prepared which include the results of the Company UK Power Networks Holdings Limited heads the largest group for which consolidated financial statements are prepared which include the Company Copies of both sets of consolidated financial statements are available 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 consisting of

Power Assets Holdings Limited	Incorporated in Hong Kong
Li Ka Shing Foundation Limited	Incorporated in Hong Kong
Cheung Kong Infrastructure Holdings Limited	Incorporated in Bermuda

It is the opinion of the Directors that the parent company, UK Power Networks Holdings Limited has no single controlling party as that company is controlled jointly by the consortium