



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

**Registered Number 2743900**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 December 2012**



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### Directors

Andrew John Hunter  
Basil Scarsella  
Loi Shun Chan

### 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 2012. 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 £208,000 (2011: £154,000) and after taxation, to £157,000 (2011: £113,000). 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	(resigned on 10 September 2012)
Basil Scarsella	
Loi Shun Chan	(appointed on 10 September 2012)

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.

### Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail regarding the adoption of the going concern basis can be found in note 1 to 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  
19 April 2013

## **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, 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.

**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 2012 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 2012 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, or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' report.



**Emma Lewis (Senior statutory auditor)**  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
19 April 2013

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<i>Note</i>	<b>2012 £000</b>	2011 £000
Turnover	2	<b>307</b>	551
Cost of sales		<b>(10)</b>	(107)
<b>Gross profit</b>		<b>297</b>	444
Administrative expenses		<b>(94)</b>	(291)
<b>Profit on ordinary activities before interest and taxation</b>	3	<b>203</b>	153
Interest receivable and similar income	5	<b>5</b>	1
<b>Profit on ordinary activities before taxation</b>		<b>208</b>	154
Tax on profit on ordinary activities	6	<b>(51)</b>	(41)
<b>Profit for the financial year</b>	11	<b>157</b>	113

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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**BALANCE SHEET**  
**AT 31 DECEMBER 2012**

	<i>Note</i>	<b>2012</b> <b>£000</b>	2011 £000
<b>Fixed assets</b>			
Tangible fixed assets	7	660	660
<b>Current assets</b>			
Debtors	8	4	1,102
Cash		1,381	124
		<b>1,385</b>	1,226
<b>Creditors' amounts falling due within one year</b>	9	<b>(374)</b>	(372)
<b>Net current assets</b>		<b>1,011</b>	854
<b>Net assets</b>		<b>1,671</b>	1,514
<b>Capital and reserves</b>			
Called up share capital	10	660	660
Profit and loss account	11	1,011	854
<b>Shareholder's funds</b>	11	<b>1,671</b>	1,514

The financial statements of UK Power Networks (South East Services) Limited, registered number 2743900, were approved by the Board of Directors and authorised for issue on 19 April 2013  
They 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 has considerable financial resources and no external debt. 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>2012</b>	2011
	<b>£000</b>	£000
This is stated after charging / (crediting)		
Operating lease rental payable on land	<b>22</b>	22
Operating lease rentals receivable on land	<b>(307)</b>	(551)

Amounts payable to Deloitte LLP and their associates were £5,250 (2011 £5,000) in respect of audit services and £nil (2011 £nil) in respect of non audit services. Auditors' remuneration was borne in both years by another group company

The Company had no employees in 2012 and 2011

**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>2012</b>	2011
	<b>£000</b>	£000
Bank interest receivable	<b>4</b>	1
Group interest receivable	<b>1</b>	-
	<b>5</b>	1

**NOTES TO THE FINANCIAL STATEMENTS Continued**

**6. Tax on profit on ordinary activities**

(a) Analysis of tax charge in the year

	<b>2012</b>	2011
	<b>£000</b>	£000
<b>UK current tax</b>		
UK corporation tax charge on profit for the year	51	41
Adjustment in respect of previous years	-	-
<b>Total current tax charge for the year (note (b))</b>	<b>51</b>	<b>41</b>

(b) Factors affecting tax charge for the year

	<b>2011</b>	2011
	<b>£000</b>	£000
Profit on ordinary activities before tax	208	154
Tax on profit on ordinary activities at standard UK rate of corporation tax of 24.5% (2011: 26.5%)	51	41
Effect of		
Adjustment in respect of previous years	-	-
<b>Current tax charge for the year</b>	<b>51</b>	<b>41</b>

The Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. The 2012 Autumn Statement announced a further reduction to 21% by 2014 and the 2013 Budget on 20 March 2013 announced a reduction to 20% by 2015.

The reduction in the rate from 26% to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012 and resulted in an average corporation tax rate for the year of 24.5%. The reduction to 23% (effective from 1 April 2013) was enacted on 3 July 2012 and had no impact on the results for the year. Further reductions had not been substantively enacted in Law at the balance sheet date and therefore are not relevant to these financial statements.

**7 Tangible fixed assets**

The net book value of freehold land as at 31 December 2012 and 31 December 2011 is £660,000.

**8. Debtors**

	<b>2012</b>	2011
	<b>£000</b>	£000
<b>Debtors, amounts falling due within one year</b>		
Trade debtors	4	152
Amounts owed by other group companies	-	950
	<b>4</b>	<b>1,102</b>

## NOTES TO THE FINANCIAL STATEMENTS Continued

### 9 Creditors amounts falling due within one year

	2012 £000	2011 £000
Amounts owed to Group undertakings	2	6
Corporation tax (Group payments)	37	51
Other creditors	222	190
Accruals and deferred income	113	125
	<b>374</b>	<b>372</b>

### 10 Share capital

#### Authorised

	2012 Number	2011 Number	2012 £000	2011 £000
Ordinary shares of £1 each	1,000,000	1,000,000	1,000	1,000

#### Allotted, called up and fully paid

	2012 Number	2011 Number	2011 £000	2011 £000
Ordinary shares of £1 each	660,000	660,000	660	660

### 11. Reconciliation of shareholder's funds

	Share Capital £000	Profit and loss account £000	Total Share- holder's funds £000
At 1 January 2011	660	741	1,401
Profit for the year	-	113	113
At 31 December 2011	660	854	1,514
Profit for the year	-	157	157
<b>At 31 December 2012</b>	<b>660</b>	<b>1,011</b>	<b>1,671</b>

### 12. Financial commitments

At 31 December 2012 the Company had annual commitments under non-cancellable operating leases as set out below

	2012 £000	2011 £000
Operating lease on land which expires		
In over five years	17	22

**NOTES TO THE FINANCIAL STATEMENTS Continued**

**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

**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