

Registration number: 2743900

# UK Power Networks (South East Services) Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2017

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

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

**COMPANY INFORMATION**

**Directors**            Andrew John Hunter  
                             Basil Scarsella  
                             Loi Shun Chan

**Company Secretary** Christopher Baker

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

**Auditors**             Deloitte LLP  
                             Statutory Auditor  
                             2 New Street Square  
                             London  
                             EC4A 3BZ  
                             United Kingdom

## UK POWER NETWORKS (SOUTH EAST SERVICES) LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

The Directors present their Strategic Report for the year ended 31 March 2017.

#### Principal activity

The principal activity of UK Power Networks (South East Services) Limited (the "Company") is to provide groundworks contracting services for the electricity distribution businesses of the UK Power Networks Group (the "Group") which serve over eight million customers in London, the South East and East of England. In addition the Company allows mobile phone operators to site their masts on land owned by the Company in return for a monthly rental fee.

#### Review of the business

The reported period is the year from 1 April 2016 to 31 March 2017 compared to a prior period from 31 December 2014 to 31 March 2016. The extended prior period is the result of a change in the accounting reference date from 30 December to 31 March.

This is the first year that the Company has presented its Financial Statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council (the FRC). The transition date to FRS 102 is the start of the prior period 31 December 2014. The application of FRS 102 has not resulted in any material changes to the accounting policies, the financial results or financial position of the Company.

The profit for the year, before taxation amounted to £330,000 (31 December 2014 to 31 March 2016: £900,000) and after taxation, to £265,000 (31 December 2014 to 31 March 2016: £718,000). No dividends were paid during the year (31 December 2014 to 31 March 2016: £Nil).

#### Key performance indicators (KPI's)

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

	Year ended 31 March 2017 £ 000	31 December 2014 to 31 March 2016 £ 000
<b>Financial performance</b>		
Turnover (£000)	31,269	24,305
EBITDA (Profit before interest, tax and depreciation) (£000)	323	890
<b>Non-financial performance</b>		
<b>Lost time incidents (LTIs)</b>		
LTIs - Injuries at work resulting in lost time of one day or more	-	-

## UK POWER NETWORKS (SOUTH EAST SERVICES) LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

#### **Key performance indicators continued**

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

Turnover was £31,269,000 in the year ended 31 March 2017 compared to £24,305,000 in the prior period, from 31 December 2014 to 31 March 2016. The increase in turnover, despite the shorter accounting period, is the result of higher work volumes. During the year the Company took on additional groundworks services for the Group which were previously outsourced to third parties. Earnings before interest, tax, depreciation and amortisation ("EBITDA") decreased by £567,000 to £323,000 in the year, driven by higher operating costs which more than offset the rise in turnover.

The key non-financial performance indicator relates to safety. Working with heavy equipment in the vicinity of electrical cables and installations is potentially a dangerous activity. In order to reinforce the importance which the Group places on safety, a comprehensive safety awareness campaign for all operational staff is ongoing. A lost time incident is recorded if an employee or contractor suffers an injury at work which results in lost time of one day or more. No lost time incidents occurred during the current year or prior period.

#### **Principal risks and uncertainties**

As well as the opportunities the Company has to grow and develop its business, certain risks and uncertainties are faced in achieving its objectives. The Company's principal risks and uncertainties are set out below:

##### *Health and Safety*

There is a risk that a fatality or serious injury occurs involving a member of staff, a contractor, a member of the public or a third party. Such an incident could lead to prosecution or a fine and have an adverse impact on the reputation of the Company.

##### *Supply chain*

An interruption to the supply of critical materials or services could have a significant impact on the Company's ability to repair, maintain, develop and reinforce the network. In addition, volatility in commodity prices can have a significant impact on costs.

There are a variety of mechanisms in place to minimise these risks. The Group has an embedded risk awareness culture to understand and manage significant business risks. The risk management framework sets out policies, procedures and responsibilities designed to assess, mitigate, monitor and report risks. The Group's Board and Risk Management and Compliance subcommittee oversee the risk management function and make annual assessments of changes to significant risks and the effectiveness of the risk management processes.

## UK POWER NETWORKS (SOUTH EAST SERVICES) LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

#### Financial risk management

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 company UK Power Networks Holdings Limited.

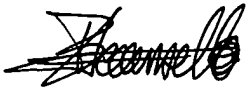
#### Future developments

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

#### Going concern

The Company has considerable financial resources and no external debt. The Company's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Company has adequate resources to continue operating for the foreseeable future. Therefore the Directors continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board on 10 August 2017 and signed on its behalf by:



.....  
B Scarsella  
Director

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

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

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017**

The Directors present their Annual Report and Audited Financial Statements for the year ended 31 March 2017.

Details of 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 year or prior period.

#### **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 year or prior period.

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

#### **Employment of disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee involvement**

The Group places considerable value on the engagement and involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, various media channels and publications. Employee representatives are consulted regularly on a wide range of matters affecting the current and future interests of employees.

#### **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.

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

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017**

**Reappointment of Auditor**

During the year the parent UK Power Networks Holdings Limited undertook a formal tender process for the external audit of its subsidiaries. The decision was made to reappoint Deloitte LLP and this was reviewed and ratified by the Audit Committee Chair. In respect of the Company, Deloitte LLP is deemed reappointed under section 487(2) of the Companies Act.

Approved by the Board on 10 August 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'B Scarsella', is written over a dotted line.

B Scarsella  
Director

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

### **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 March 2017, 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. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 (set out on page 7), 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 (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the 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 March 2017 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.

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

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

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

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

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

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

**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.

*Marianne Milnes*

.....  
**Marianne Milnes (Senior Statutory Auditor)**

For and on behalf of Deloitte LLP.

Statutory Auditor

London  
United Kingdom

10 August 2017

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

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017**

	<b>Note</b>	<b>Year ended 31 March 2017 £ 000</b>	<b>31 December 2014 to 31 March 2016 £ 000</b>
<b>Turnover</b>	3	31,269	24,305
Cost of sales		<u>(24,568)</u>	<u>(18,815)</u>
<b>Gross profit</b>		6,701	5,490
Other operating expenses		<u>(6,378)</u>	<u>(4,600)</u>
<b>Operating profit</b>	5	323	890
Other interest receivable and similar income	8	<u>7</u>	<u>10</u>
<b>Profit before tax</b>		330	900
Taxation	9	<u>(65)</u>	<u>(182)</u>
<b>Profit for the financial year</b>		<u><u>265</u></u>	<u><u>718</u></u>

The above results were derived from continuing operations.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017**

	<b>Year ended 31 March 2017 £ 000</b>	<b>31 December 2014 to 31 March 2016 £ 000</b>
<b>Profit for the year</b>	<u>265</u>	<u>718</u>
<b>Total comprehensive income for the year</b>	<u><u>265</u></u>	<u><u>718</u></u>

The notes on pages 13 to 20 form an integral part of these financial statements.

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

**BALANCE SHEET AS AT 31 MARCH 2017**

	<b>Note</b>	<b>31 March 2017 £ 000</b>	<b>31 March 2016 £ 000</b>
<b>Fixed assets</b>			
Tangible assets	10	660	660
<b>Current assets</b>			
Debtors falling due within one year	11	97	11
Cash at bank and in hand		<u>3,400</u>	<u>3,218</u>
		<b>3,497</b>	<b>3,229</b>
<b>Creditors: Amounts falling due within one year</b>	12	<u>(1,055)</u>	<u>(1,052)</u>
<b>Net current assets</b>		<u><b>2,442</b></u>	<u><b>2,177</b></u>
<b>Net assets</b>		<u><u><b>3,102</b></u></u>	<u><u><b>2,837</b></u></u>
<b>Capital and reserves</b>			
Called up share capital	13	660	660
Profit and loss account	13	<u>2,442</u>	<u>2,177</u>
<b>Total shareholders' funds</b>		<u><u><b>3,102</b></u></u>	<u><u><b>2,837</b></u></u>

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 10 August 2017. They were signed on its behalf by:



B Scarsella  
Director

The notes on pages 13 to 20 form an integral part of these financial statements.

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

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017**

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 31 December 2014	660	1,459	2,119
Profit for the period	-	718	718
Total comprehensive income	-	718	718
At 31 March 2016	660	2,177	2,837

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 April 2016	660	2,177	2,837
Profit for the year	-	265	265
Total comprehensive income	-	265	265
At 31 March 2017	660	2,442	3,102

The notes on pages 13 to 20 form an integral part of these financial statements.

## UK POWER NETWORKS (SOUTH EAST SERVICES) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 1 General information

UK Power Networks (South East Services) 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. This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council (the FRC). The last financial statements under previous UK GAAP were for the period from 31 December 2014 to 31 March 2016 and the date of transition to FRS 102 was therefore 31 December 2014. The application of FRS 102 has not resulted in any material changes to the accounting policies, the financial results or financial position of the Company. The accounting policies have all been applied consistently throughout the current and preceding period.

##### **Basis of accounting**

*The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with FRS 102. The Company has applied the amendments to FRS 102 issued by the FRC in July 2015 and the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 effective for accounting periods beginning on or after 1 January 2016.*

*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 chosen not to present a cash flow statement and not to disclose related party transactions with other wholly owned members of the Group.*

## UK POWER NETWORKS (SOUTH EAST SERVICES) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 2 Accounting policies (continued)

##### Going concern

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

##### Tangible 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.

##### Tax

The tax expense for the period 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.

## UK POWER NETWORKS (SOUTH EAST SERVICES) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 2 Accounting policies (continued)

##### Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### 3 Turnover

Turnover, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to the continuing activities of the groundworks contracting business and rental income from mobile phone operators in return for siting their masts on the Company's land.

#### 4 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.

#### 5 Operating profit

Arrived at after charging/(crediting):

	Year ended 31 March 2017 £ 000	31 December 2014 to 31 March 2016 £ 000
Operating lease rentals receivable on land	(458)	(1,065)
Staff costs (Note 6)	<u>30,195</u>	<u>23,265</u>

##### Auditor's remuneration

The amount payable to Deloitte LLP was £6,000 (31 December 2014 to 31 March 2016: £6,000) in respect of audit services and £Nil (31 December 2014 to 31 March 2016: £Nil) in respect of non-audit services. Auditor's remuneration was borne in both periods by another Group company.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

**6 Staff costs**

The aggregate payroll costs were as follows:

	Year ended 31 March 2017 £ 000	31 December 2014 to 31 March 2016 £ 000
Wages and salaries	25,922	19,981
Social security costs	3,022	2,231
Pension costs	1,236	998
Redundancy costs	15	55
	<u>30,195</u>	<u>23,265</u>

The average number of persons employed by the Company during the year, was as follows:

	Year ended 31 March 2017 Number	31 December 2014 to 31 March 2016 Number
Average monthly number of employees	<u>609</u>	<u>393</u>

**7 Directors' remuneration**

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

**8 Other interest receivable and similar income**

	Year ended 31 March 2017 £ 000	31 December 2014 to 31 March 2016 £ 000
Interest receivable on loans to Group undertakings	1	1
Other interest receivable	6	9
	<u>7</u>	<u>10</u>

# UK POWER NETWORKS (SOUTH EAST SERVICES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 9 Taxation

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

	Year ended 31 March 2017 £ 000	31 December 2014 to 31 March 2016 £ 000
<b>Current taxation</b>		
UK corporation tax	66	178
Adjustments in respect of prior periods	(6)	9
Total current taxation	60	187
<b>Deferred taxation</b>		
Origination and reversal of timing differences	-	3
Adjustments in respect of prior periods	5	(8)
Total deferred taxation	5	(5)
Total tax charge	65	182

The average current tax rate applied for the year was 20% (31 December 2014 to 31 March 2016: 20.2%). The most recent rate change affecting the current tax rate was the reduction from 21% to 20% effective from 1 April 2015.

Further rate changes to 19% from 1 April 2017 and 17% from 1 April 2020 have been substantively enacted but do not affect the reported results.

The tax assessed for the year is lower than the standard rate of corporation tax of 20% (31 December to 31 March 2016: 20.2%) applied to profit before tax.

The differences are reconciled below:

	Year ended 31 March 2017 £ 000	31 December 2014 to 31 March 2016 £ 000
Profit before tax	330	900
Corporation tax at standard rate	66	182
Income not taxable in determining taxable profit	(92)	(216)
Expenses not deductible for tax purposes	92	215
Adjustments to current tax in respect of prior periods	(6)	9
Adjustments to deferred tax in respect of prior periods	5	(8)
Total tax charge	65	182

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

**10 Tangible assets**

	Land £ 000	Total £ 000
<b>Cost</b>		
At 1 April 2016	<u>660</u>	<u>660</u>
<b>At 31 March 2017</b>	<u><b>660</b></u>	<u><b>660</b></u>
<b>Carrying amount</b>		
At 31 March 2017	<u><u>660</u></u>	<u><u>660</u></u>
At 31 March 2016	<u><u>660</u></u>	<u><u>660</u></u>

Tangible assets comprise freehold land at £660,000 (31 March 2016: £660,000).

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

**11 Debtors**

	<b>31 March 2017 £ 000</b>	<b>31 March 2016 £ 000</b>
<b>Amounts falling due within one year:</b>		
Amounts owed by Group undertakings	93	-
Other debtors	-	5
Vat recoverable	4	1
Deferred tax assets	-	5
	<u>97</u>	<u>11</u>

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

**12 Creditors**

	<b>31 March 2017 £ 000</b>	<b>31 March 2016 £ 000</b>
<b>Amounts falling due within one year:</b>		
Amounts owed to Group undertakings	-	450
Corporation tax	42	177
Accruals and deferred income	1,013	425
	<u>1,055</u>	<u>1,052</u>

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

**13 Called up share capital and reserves**

	<b>31 March 2017 £ 000</b>	<b>31 March 2016 £ 000</b>
<b>Allotted, called up and fully paid</b>		
660,000 ordinary shares of £1 each	<u>660</u>	<u>660</u>

**Reserves**

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

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

#### **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 year or prior period.

#### **15 Parent and ultimate parent undertaking**

The Company's immediate parent is UK Power Networks Holdings Limited, incorporated in England and Wales, and registered at the following address:

Newington House  
237 Southwark Bridge Road  
London  
SE1 6NP

UK Power Networks Holdings Limited is the parent of both the smallest and largest Group in which the Company's financial statements are consolidated. Copies of the financial statements of UK Power Networks 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
- 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.