

UK Power Networks (IDNO) Limited

Registered Number 6489447

Financial Statements

for the period from 31 December 2014 to 31 March 2016

TUESDAY



L5DZNTFT

LD6

23/08/2016

#98

COMPANIES HOUSE

**UK POWER NETWORKS (IDNO) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 MARCH 2016**

CONTENTS

Company Information	1
Directors Report	2 to 4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 7
Profit and Loss Account	8
Balance Sheet	9
Notes to the Financial Statements	10 to 15

COMPANY INFORMATION

Directors Andrew John Hunter
Basil Scarsella
Loi Shun Chan
Christopher Clarke
Paul Jeffery

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 period from 31 December 2014 to 31 March 2016. 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.

Change of year end

The Company has changed its accounting reference date from 30 December to 31 March to align with that of the parent company UK Power Networks Holdings Limited. As a result the reported period is an extended period from 31 December 2014 to 31 March 2016 and is not directly comparable to the prior period (1 January 2014 to 30 December 2014).

Review of the business

The Company is an Independent Distribution Network Operator originally contracted to build and operate the electricity distribution network for the London 2012 Olympics site. The network was completed in May 2012 and successfully powered the Olympic park venues during the 2012 Olympic and Paralympic games.

The Company is part of the UK Power Networks group ("the Group") which owns and operates electricity distribution networks in London, the South East and the East of England serving over eight million customers. The Company employs no staff (1 January 2014 to 30 December 2014: nil). The network is operated by UK Power Networks (Operations) Limited which manages the distribution networks of the Group.

On 1 April 2013 the tangible fixed assets of the Company were transferred to a fellow subsidiary, London Power Networks plc, at book value. UK Power Networks (Operations) Limited has continued to operate the distribution network and London Power Networks plc has collected the revenue for units distributed since 1 April 2013. The Company has remained trading as a vehicle to collect revenue for units distributed prior to the transfer. Past consumption data is subject to modification after the final consumption date as more accurate meter data becomes available.

Profit for the period, before taxation, amounted to £2,975,000 (1 January 2014 to 30 December 2014: loss of £186,000) and after taxation, to £2,966,000 (1 January 2014 to 30 December 2014: loss of £803,000). The result for the current period relates primarily to the write off of a loan and interest payable to the parent IDNO (Finance) Limited, in accordance with a waiver agreement. No dividends were paid in the current or prior period.

DIRECTORS REPORT continued

Political contributions

No political donations were made in either period.

Directors

The directors who held office during the period and subsequently were as follows:

Andrew John Hunter

Basil Scarsella

Loi Shun Chan

Christopher Clarke

Paul Jeffery

None of the Directors had a service contract with the Company in the current 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.

Future developments and Going Concern

The Directors are considering their options with regard to developing the business going forward and are confident that the Company will retain a positive cash balance to be utilised as appropriate in the development of new opportunities. There is no intention to liquidate the Company. Therefore the Directors have a reasonable expectation that the Company will be able to continue operating for a period not less than twelve months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis in preparing the financial statements.

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.

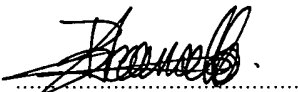
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

DIRECTORS REPORT continued

Reappointment of Auditor

The Auditor Deloitte LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



B Scarsella

Director

23 August 2016

Newington House

237 Southwark Bridge Road

London

SE1 6NP

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 period. 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK POWER NETWORKS (IDNO) LIMITED

We have audited the financial statements of UK Power Networks (IDNO) Limited for the period from 31 December 2014 to 31 March 2016, 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 (set out on page 5), 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 Directors' 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 2016 and of its profit for the period from 31 December 2014 to 31 March 2016;
- 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

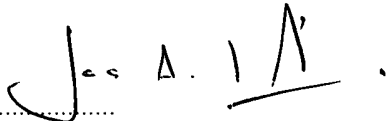
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK POWER NETWORKS (IDNO) LIMITED (continued)

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 from preparing a Strategic Report and in preparing the Directors' Report.



James Leigh FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London
EC4A 3BZ
23 August 2016

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM 31 DECEMBER 2014 TO 31 MARCH 2016**

		31 December 2014 to 31 March 2016 £000	1 January 2014 to 30 December 2014 £000
Turnover	Note 2	-	(1)
Gross loss		-	(1)
Net distribution costs		-	114
Administrative expenses		-	(1)
Operating profit	3	-	112
Finance charges (net)			
Other interest receivable and similar income	5	33	-
Interest payable and similar charges	5	944	(298)
		977	(298)
Amounts due to Group undertakings written off		1,998	-
Profit/(loss) on ordinary activities before taxation		2,975	(186)
Tax on profit/loss on ordinary activities	7	(9)	(617)
Profit/(loss) for the financial period	11	2,966	(803)

The Company has no recognised gains or losses for the period other than the results above, and therefore no statement of total recognised gains and losses has been prepared.


All results are from continuing operations.

UK POWER NETWORKS (IDNO) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 MARCH 2016

**BALANCE SHEET
AS AT 31 MARCH 2016**

		31 March 2016 £000	30 December 2014 £000
Current assets			
Debtors falling due within one year	8	-	9,000
Cash at bank and in hand		<u>216</u>	<u>27</u>
		216	9,027
Creditors: Amounts falling due within one year	9	<u>(9)</u>	<u>(11,786)</u>
Net current assets/(liabilities)		<u>207</u>	<u>(2,759)</u>
Net assets/(liabilities)		<u>207</u>	<u>(2,759)</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	<u>207</u>	<u>(2,759)</u>
Shareholders' funds/(deficit)		<u>207</u>	<u>(2,759)</u>

The financial statements of UK Power Networks (IDNO) Limited, registered number 6489447, were approved by the Board of Directors and authorised for issue on 23 August 2016.
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 period.

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.

Exemption from preparing a 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.

Going concern

As discussed in the Strategic Report on page 3 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. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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)

2 Turnover

Turnover recorded in the prior period, which is stated net of value added tax, arose entirely in the United Kingdom and was attributable to the activities of electricity distribution prior to the transfer of network assets to a fellow subsidiary, London Power Networks plc.

3 Operating (loss)/profit

Amounts payable to Deloitte LLP were £6,000 (1 January 2014 to 30 December 2014: £5,600) in respect of audit services and £nil (1 January 2014 to 30 December 2014: £10,600) in respect of the certification of the regulatory accounts. Auditor's remuneration was borne in both periods by another Group company.

The Company had no employees in either the current or the prior period.

4 Directors' remuneration

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Finance charges (net)

	31 December 2014 to 31 March 2016 £000	1 January 2014 to 30 December 2014 £000
Interest receivable and similar income		
Interest on loans to Group undertakings	33	-
	<u>33</u>	<u>-</u>
Interest payable and similar charges		
Interest on loans from Group undertakings	944	(298)
	<u>944</u>	<u>(298)</u>
Total Finance Charges (net)	<u>977</u>	<u>(298)</u>

Interest on loans from Group Undertakings includes the write back of £944,436 of interest charged since November 2011 on a £10,000,000 loan. The lender UK Power Networks (IDNO Finance) Ltd has formally waived its rights to all interest accrued under the loan in a waiver agreement with the Company.

6 Amounts due to Group undertakings written off

	31 December 2014 to 31 March 2016 £ 000	1 January 2014 to 30 December 2014 £ 000
Partial write off of loan from UK Power Networks (IDNO Finance) Ltd	1,998	-
	<u>1,998</u>	<u>-</u>

UK Power Networks (IDNO Finance) Ltd has waived its entitlement to full repayment of a £10,000,000 loan and accepted a final settlement of £8,001,894 to release the Company from its obligations. The remaining balance of £1,998,106 was credited to the profit and loss account in the reported period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 Taxation

Tax on profit/(loss) on ordinary activities

	31 December 2014 to 31 March 2016 £000	1 January 2014 to 30 December 2014 £000
Current tax		
Corporation tax charge	9	(40)
Adjustment for prior periods	-	657
UK Corporation tax	<u>9</u>	<u>617</u>

Factors affecting current tax charge for the period

The tax assessed for the year is lower (1 January 2014 to 30 December 2014: higher) than the standard rate of corporation tax in the UK. The differences are reconciled below.

	31 December 2014 to 31 March 2016 £000	1 January 2014 to 30 December 2014 £000
Profit/(loss) on ordinary activities before tax	<u>2,975</u>	<u>(186)</u>
Corporation tax at standard rate of 20.2% (1 January 2014 to 30 December 2014: 21.5%)	601	(40)
Non-taxable income less expenses not deductible for tax purposes	(592)	-
Adjustment for prior periods	-	657
Total current tax	<u>9</u>	<u>617</u>

Tax rate changes

The UK corporation tax rate changed from 23% to 21% effective from 1 April 2014 and to 20% from 1 April 2015. This resulted in an average tax rate for the period of 20.2% (1 January 2014 to 30 December 2014: 21.5%). Recent budget statements have announced further reductions to 19% effective from 1 April 2017 and 17% effective from 1 April 2020. These rate changes had no impact on the results in the reported period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 Debtors

	31 March 2016 £000	30 December 2014 £000
Amounts falling due within one year		
Amounts owed by group undertakings	-	9,000
	<u>-</u>	<u>9,000</u>

The loans to fellow subsidiaries of £9,000,000 reported in the prior period were repaid in January 2015.

9 Creditors: Amounts falling due within one year

	31 March 2016 £000	30 December 2014 £000
Corporation tax	7	601
Other creditors	2	-
Accruals and deferred income	-	217
Amounts owed to Group undertakings	-	10,968
	<u>9</u>	<u>11,786</u>

During the period the parent UK Power Networks (IDNO Finance) Ltd waived its entitlement to full repayment of a £10,000,000 loan to the Company and accepted a final settlement of £8,001,894. The remaining balance of £1,998,106 (note 6) was credited to the profit and loss account together with interest accrued on the loan of £944,436 (note 5).

10 Share capital

Allotted, called up and fully paid

	31 March 2016 Number	30 December 2014 Number	31 March 2016 £	30 December 2014 £
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 Reserves

	Share Capital £000	Profit and loss account £000	Total Share holder's funds £000
At 1 January 2014	-	(1,956)	(1,956)
Loss for the period	-	(803)	(803)
At 30 December 2014	-	(2,759)	(2,759)
Profit for the period	-	2,966	2,966
At 31 March 2016	-	207	207

12 Financial Commitments

Amounts contracted for but not provided for in the financial statements amounted to £Nil (30 December 2014: £Nil).

13 Related party transactions

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 financial statements which are publicly available.

14 Control

UK Power Networks (IDNO Finance) Limited holds a 100% interest in UK Power Networks (IDNO) Limited and is considered to be the immediate parent company.

UK Power Networks Holdings Limited heads the smallest and largest group for which consolidated financial statements are prepared which include the results of 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.