

Registration number: 6489447

# UK Power Networks (IDNO) Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2017

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## **UK POWER NETWORKS (IDNO) LIMITED**

### **CONTENTS**

Company Information	1
Directors' Report	2 to 3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5 to 6
Profit and Loss Account	7
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 to 15

**UK POWER NETWORKS (IDNO) LIMITED**

**COMPANY INFORMATION**

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

**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 (IDNO) 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. 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.

#### **Ownership**

The Company is a wholly owned subsidiary of the group headed by UK Power Networks Holdings Limited (the "Group"), which owns and operates electricity distribution networks in London, the South East and East of England serving over eight million customers.

#### **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 results for the year amounted to a profit before taxation of £Nil (31 December 2014 to 31 March 2016: £2,975,000) and a profit after taxation of £2,000 (31 December 2014 to 31 March 2016: £2,966,000). No dividends were paid during the year (31 December 2014 to 31 March 2016: £Nil).

The result in the prior period relates primarily to the write off of a loan and interest payable to the parent UK Power Networks IDNO (Finance) Limited, following a waiver agreement.

The Company's principal activity was the construction and operation of the electricity distribution network in the Lea Valley area of London, which successfully powered the Olympic Park venues during the 2012 Olympic and Paralympic games. In 2013 these assets were transferred to a fellow subsidiary London Power Networks plc which now receives the distribution revenue from the network.

#### **Directors of the Company**

The directors who held office during the year 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 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.

## UK POWER NETWORKS (IDNO) LIMITED

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

#### Future developments and going concern

The Directors continue to consider their options with regard to developing the business going forward and are confident that the Company will retain a positive cash balance to be used 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 the financial statements. Therefore they continue to adopt the going concern basis in preparing the financial statements.

#### 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.

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:



B Scarsella  
Director

**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 (IDNO) LIMITED**

### **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 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 13. 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 4), 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 (IDNO) LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK POWER NETWORKS (IDNO) 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 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.
- the Directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report and in preparing the Directors' Report.

*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 (IDNO) 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>		-	-
<b>Operating profit/(loss)</b>		-	-
Other interest receivable and similar income	6	-	33
Interest payable and similar charges	7	-	944
Amounts due to Group undertakings written off	8	-	1,998
		-	2,975
<b>Profit before tax</b>		-	2,975
Taxation	9	2	(9)
<b>Profit for the year</b>		<u>2</u>	<u>2,966</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>2</u>	<u>2,966</u>
<b>Total comprehensive income for the year</b>	<u>2</u>	<u>2,966</u>

The notes on pages 10 to 15 form an integral part of these financial statements.

# UK POWER NETWORKS (IDNO) LIMITED

## BALANCE SHEET AS AT 31 MARCH 2017

	Note	31 March 2017 £ 000	31 March 2016 £ 000
<b>Current assets</b>			
Cash at bank and in hand		216	216
<b>Creditors: Amounts falling due within one year</b>	10	<u>(7)</u>	<u>(9)</u>
<b>Net current assets</b>		<u>209</u>	<u>207</u>
<b>Net assets</b>		<u>209</u>	<u>207</u>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	11	<u>209</u>	<u>207</u>
<b>Total shareholders' funds</b>		<u>209</u>	<u>207</u>

The Financial Statements of UK Power Networks (IDNO) Limited (registered number 6489447) were approved and authorised by the Board on 10 August 2017 and signed on its behalf by:



B Scarsella  
Director

The notes on pages 10 to 15 form an integral part of these financial statements.

**UK POWER NETWORKS (IDNO) 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	-	(2,759)	(2,759)
Profit for the period	-	2,966	2,966
Total comprehensive income	-	2,966	2,966
At 31 March 2016	-	207	207

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 April 2016	-	207	207
Profit for the year	-	2	2
Total comprehensive income	-	2	2
At 31 March 2017	-	209	209

The notes on pages 10 to 15 form an integral part of these financial statements.

## UK POWER NETWORKS (IDNO) LIMITED

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

#### 1 General information

UK Power Networks (IDNO) 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 Directors' Report on pages 2 to 3.

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 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.

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

**2 Accounting policies (continued)**

**Going concern**

As discussed in the Directors' 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.

**Tax**

The tax expense for the period comprises current tax.

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.

**3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the Directors may be required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience or other factors that are considered to be relevant. Actual results might differ from these estimates.

In the Directors' opinion there are no critical judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in these financial statements.

**4 Directors' remuneration and employee information**

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

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

**5 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 (IDNO) LIMITED**

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

**6 Other interest receivable and similar income**

	<b>Year ended 31 March 2017 £ 000</b>	<b>31 December 2014 to 31 March 2016 £ 000</b>
Interest receivable on loans to Group undertakings	<u>-</u>	<u>33</u>

**7 Interest payable and similar charges**

	<b>Year ended 31 March 2017 £ 000</b>	<b>31 December 2014 to 31 March 2016 £ 000</b>
Interest payable on loans from Group undertakings	<u>-</u>	<u>(944)</u>

Interest payable on loans from Group Undertakings in the prior period 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) Limited chose to formally waive its rights to all interest accrued on the loan.

**8 Amounts due to Group undertakings written off**

	<b>Year ended 31 March 2017 £ 000</b>	<b>31 December 2014 to 31 March 2016 £ 000</b>
Amounts due to Group undertakings written off	<u>-</u>	<u>1,998</u>

During the prior period the parent UK Power Networks (IDNO Finance) Limited 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.

**UK POWER NETWORKS (IDNO) LIMITED**

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

**9 Taxation**

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

	<b>Year ended 31 March 2017 £ 000</b>	<b>31 December 2014 to 31 March 2016 £ 000</b>
<b>Current taxation</b>		
UK corporation tax	-	9
Adjustments in respect of prior periods	<u>(2)</u>	<u>-</u>
	<u><b>(2)</b></u>	<u><b>9</b></u>

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

The total tax assessed for the year is lower than the standard rate of 20% (31 December 2014 to 31 March 2016: 20.2%) applied to profit before tax.

The differences are reconciled below:

	<b>Year ended 31 March 2017 £ 000</b>	<b>31 December 2014 to 31 March 2016 £ 000</b>
Profit before tax	<u>-</u>	<u>2,975</u>
Corporation tax at standard rate	-	601
Income not taxable in determining taxable profit	-	(592)
Adjustments to current tax in respect of prior periods	<u>(2)</u>	<u>-</u>
Total tax (credit)/charge	<u><b>(2)</b></u>	<u><b>9</b></u>

UK POWER NETWORKS (IDNO) LIMITED

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

10 Creditors

	31 March 2017 £ 000	31 March 2016 £ 000
Amounts falling due within one year:		
Corporation tax	<u>7</u>	<u>9</u>

11 Called up share capital and reserves

	31 March 2017 £	31 March 2016 £
Allotted, called up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

Reserves

The Company's profit and loss account represents cumulative profits or losses net of dividends paid.

12 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.



## **UK POWER NETWORKS (IDNO) LIMITED**

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

#### **13 Parent and ultimate parent undertaking**

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

Newington House  
237 Southwark Bridge Road  
London  
SE1 6NP

The ultimate controlling party and parent of the smallest and largest group in which the Company's financial statements are consolidated is UK Power Networks Holdings Limited, incorporated in England and Wales and also registered at the above address.

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.