



**UK POWER NETWORKS (IDNO FINANCE) LIMITED  
(Formerly EDF ENERGY (IDNO FINANCE) LIMITED)**

**Registered Number 6573825**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 December 2010**



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**Directors**

Andrew John Hunter  
Neil Douglas McGee  
Basil Scarsella

**Company Secretary**

Christopher Baker

**Auditor**

Deloitte LLP  
2 New Street Square  
London  
EC4A 3BZ

**Registered Office**

Newington House  
237 Southwark Bridge Road  
London  
SE1 6NP

## DIRECTORS' REPORT

The Directors present their annual report and financial statements for the year ended 31 December 2010. 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 Company's principal activity is to provide finance to UK Power Networks (IDNO) Limited, a wholly owned subsidiary, contracted by the Olympic Delivery Authority and Stratford City Development to build and operate the electricity distribution network for the London 2012 Olympics site. It will continue in this activity for the foreseeable future.

On 29 October 2010, UK Power Networks Holdings Limited (formerly Eclipse First Network Limited) acquired the Distribution Networks and associated non-regulated businesses, including UK Power Networks (IDNO Finance) Limited (formerly EDF Energy (IDNO Finance) Limited) from EDF Energy plc.

### Change of name

On 1 November 2010, subsequent to the acquisition, the Company changed its name from EDF Energy (IDNO Finance) Limited to UK Power Networks (IDNO Finance) Limited.

### Results and dividends

The Company made neither a profit nor loss in 2010 (2009: no profit or loss).

### Future developments

The Directors regard 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:

Thomas Kusterer	(resigned on 29 October 2010)
Laurent Ferrari	(resigned on 29 October 2010)
Richard Martin Harpley	(appointed on 20 October 2010 and resigned on 29 October 2010)*
Andrew John Hunter	(appointed on 29 October 2010)
Neil Douglas McGee	(appointed on 29 October 2010)
Basil Scarsella	(appointed on 29 October 2010)

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 Company's ability to continue as a going concern in its capacity as a finance vehicle is assessed in conjunction with the viability of its wholly owned subsidiary UK Power Networks (IDNO) Limited (the "IDNO"). The IDNO's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the IDNO has adequate resources to continue in operational existence for the foreseeable future. The construction of the IDNO network will be funded by the Olympic Delivery Authority and Stratford City Development Ltd under a long-term concession agreement. The IDNO also has access to a £10m borrowing facility provided by UK Power Networks (South East) Limited. Accordingly, the Directors have adopted the going concern basis in preparing the financial statements of the Company.

**DIRECTORS' REPORT continued**

**Political and charitable contributions**

The Company made no charitable or 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**

Deloitte LLP were appointed as auditors to the Company by a members' resolution dated 25 September 2009. In accordance with s487 of the Companies Act 2006, Deloitte LLP are deemed reappointed until such time as the members or the Directors determine otherwise

Approved by the Board and signed on its behalf by -



B Scarsella  
Director  
26 April 2011

## **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,
- state whether applicable United Kingdom Accounting Standards have been followed, 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 REPORT TO THE MEMBERS OF UK POWER NETWORKS (IDNO FINANCE) LIMITED**

We have audited the financial statements of UK Power Networks (IDNO Finance) Limited (Formerly EDF Energy (IDNO Finance) Limited) for the year ended 31 December 2010 which comprise the Balance Sheet and the related notes 1 to 8. 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 Directors' Responsibilities Statement, 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.

**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 2010,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



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

26 April 2011

**UK POWER NETWORKS (IDNO FINANCE) LIMITED**  
**(FORMERLY EDF ENERGY (IDNO FINANCE) LIMITED)**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2010**

**BALANCE SHEET**  
**AT 31 DECEMBER 2010**

	<i>Note</i>	<b>2010</b> <b>£000</b>	2009 £000
<b>Fixed assets</b>			
Investments	3	-	-
<b>Current assets</b>			
Cash at bank and in hand		-	3,494
Debtors	4	<b>2,827</b>	2,827
		<b>2,827</b>	6,321
<b>Creditors: amounts falling due within one year</b>	5	<b>(2,827)</b>	(6,321)
<b>Net current assets</b>		-	-
<b>Net assets</b>		-	-
<b>Capital and reserves</b>			
Called up share capital	6	-	-
<b>Shareholder's funds</b>		-	-

The financial statements of UK Power Networks (IDNO Finance) Limited registered number 6573825, on pages 6 to 9 were approved by the Board of Directors on 26 April 2011 and were signed on its behalf by



**B Scarsella**  
**Director**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. Accounting policies**

The principal accounting policies are set out below. They have all been applied consistently throughout the current and the 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. The Company has not entered into any profit and loss transactions, therefore a profit or loss account and shareholder reconciliation has not been prepared.

#### **Going concern**

The financial statements have been prepared on the going concern basis. The grounds for adopting this basis are discussed in the Directors' report.

#### **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 Ltd, whose consolidated accounts include a cash flow statement and are publicly available.

#### **Investments**

Fixed asset investments are shown at cost less provision for impairment.

#### **Consolidation**

The Company is exempt from preparing consolidated accounts as it is a wholly owned subsidiary of UK Power Networks Holdings Limited, which prepares consolidated accounts which include the results of the company and will be publicly available.

### **2. Directors' emoluments and employee information**

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

The Company had no employees in 2010 (2009: None).

### **3. Fixed asset investments**

	<b>Shares at cost</b>
Investment in Group undertakings	<b>£</b>
At 1 January and at 31 December 2010	<b>1</b>

The principal subsidiary undertaking at 31 December 2010, which is incorporated in Great Britain and is registered and operates in England and Wales, is as follows:

	<b>Percentage of ordinary shares held</b>	<b>Principal activity</b>
<b>Directly held subsidiary</b>		
UK Power Networks (IDNO) Limited	100%	Electricity distributor

**NOTES TO THE FINANCIAL STATEMENTS continued**

**4 Debtors**

	<b>2010</b>	2009
	<b>£000</b>	£000
Due after more than one year		
Other debtors	<b>2,827</b>	2,827

**5. Creditors amounts falling due within one year**

	<b>2010</b>	2009
	<b>£000</b>	£000
Amounts owed to Group undertakings	<b>2,827</b>	6,321

**6. Share capital**

Authorised

	<b>2010</b>	2009	<b>2010</b>	2009
	<b>Number</b>	Number	<b>£</b>	£
Ordinary shares of £1 each	<b>1,000</b>	1,000	<b>1,000</b>	1,000

Allotted, called up and fully paid

	<b>2010</b>	2009	<b>2010</b>	2009
	<b>Number</b>	Number	<b>£</b>	£
Ordinary shares of £1 each	<b>1</b>	1	<b>1</b>	1

**7. Related parties**

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

**NOTES TO THE FINANCIAL STATEMENTS continued**

**8 Parent undertaking and controlling party**

UK Power Networks Services (Development) Limited has a 100% interest in UK Power Networks (IDNO Finance) 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 the 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 (Formerly Hong Kong Electric 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