

Registration number: 2743900

# UK Power Networks (South East Services) Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2018



## **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** Andrew Pace

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

**Auditor** 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 2018

The Directors present their Strategic Report for the year ended 31 March 2018.

#### 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 results for the year amounted to a profit before taxation of £95,000 (2017: £330,000) and after taxation of £75,000 (2017: £265,000). No dividends were paid during the year (2017: £Nil).

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

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

	2018	2017
<b>Financial performance</b>		
Turnover (£000)	35,404	31,269
EBITDA (Profit before interest, tax, depreciation and amortisation) (£000)	88	323

#### Non-financial performance

##### Lost time incidents (LTIs)

LTIs - Injuries at work resulting in lost time of one day or more	-	-
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#### Financial performance

Financial performance indicators represent the key financial metrics that reflect the financial health of the business. Compared to the prior year, turnover has increased by £4,136,000 as a result of higher work volumes. Earnings before interest, tax, depreciation and amortisation ("EBITDA") has decreased by £235,000 to £88,000, driven by higher operating costs which have more than offset the rise in turnover.

EBITDA excludes the effect of interest, taxation, depreciation and amortisation from earnings and therefore is a relevant measure for monitoring business operational performance. The Company has no depreciation or amortisation. Therefore EBITDA is equivalent to the operating profit of £88,000 (2017: £323,000) presented in the profit and loss statement.

#### Non-financial performance

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 or prior year.

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

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018**

#### **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.

##### *Information Technology (IT)*

A cyber security breach or failure of the Group's core systems, applications or associated IT processes could have a significant impact on the Company's ability to operate. Data breaches could result in legal or regulatory non-compliance with resulting financial penalties and reputational damage.

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. A subcommittee of the Board, the Risk Management and Compliance Committee, oversees the risk management function and makes annual assessments of changes to significant risks and the effectiveness of the risk management processes.

#### **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.

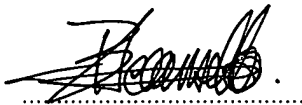
**UK POWER NETWORKS (SOUTH EAST SERVICES) LIMITED**

**STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018**

**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 7 August 2018 and signed on its behalf by:

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

Basil 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 2018**

The Directors present their Annual Report including the Audited Financial Statements of the Company for the year ended 31 March 2018.

Details of the Company's risk management objectives and policies and 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 or prior year.

#### **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 or prior year.

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 2018**

**Auditor**

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

Approved by the Board on 7 August 2018 and signed on its behalf by:

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

Basil 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 to 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**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of UK Power Networks (South East Services) Limited (the "Company") for the year ended 31 March 2018, 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 including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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

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

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

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.

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

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

**Report on other legal and regulatory requirements**

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

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

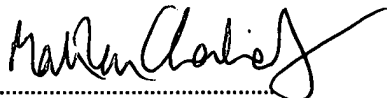
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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**

Under the Companies Act 2006 we are required to report in respect of the following matters 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. We have nothing to report in respect of these matters.



**Makhan Chahal ACA (Senior Statutory Auditor)**

For and on behalf of Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

7 August 2018

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

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018**

	<b>Note</b>	<b>2018 £ 000</b>	<b>2017 £ 000</b>
<b>Turnover</b>	<b>4</b>	<b>35,404</b>	31,269
Cost of sales		<u>(28,027)</u>	<u>(24,568)</u>
<b>Gross profit</b>		<b>7,377</b>	6,701
Other operating expenses		<u>(7,289)</u>	<u>(6,378)</u>
<b>Operating profit</b>	<b>5</b>	<b>88</b>	323
Other interest receivable and similar income	<b>8</b>	<u>7</u>	<u>7</u>
<b>Profit before tax</b>		<b>95</b>	330
Taxation	<b>9</b>	<u>(20)</u>	<u>(65)</u>
<b>Profit for the financial year</b>		<u><b>75</b></u>	<u>265</u>

The above results were derived from continuing operations.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018**

	<b>2018 £ 000</b>	<b>2017 £ 000</b>
<b>Profit for the year</b>	<u><b>75</b></u>	<u>265</u>
<b>Total comprehensive income for the year</b>	<u><b>75</b></u>	<u>265</u>

The notes on pages 14 to 20 form an integral part of these financial statements.

# UK POWER NETWORKS (SOUTH EAST SERVICES) LIMITED

## BALANCE SHEET AS AT 31 MARCH 2018

	Note	2018 £ 000	2017 £ 000
<b>Fixed assets</b>			
Tangible assets	10	660	660
<b>Current assets</b>			
Debtors falling due within one year	11	113	97
Cash at bank and in hand		<u>3,986</u>	<u>3,400</u>
		4,099	3,497
<b>Creditors: Amounts falling due within one year</b>	12	<u>(1,582)</u>	<u>(1,055)</u>
<b>Net current assets</b>		<u>2,517</u>	<u>2,442</u>
<b>Net assets</b>		<u>3,177</u>	<u>3,102</u>
<b>Capital and reserves</b>			
Called up share capital	13	660	660
Profit and loss account	13	<u>2,517</u>	<u>2,442</u>
<b>Total shareholders' funds</b>		<u>3,177</u>	<u>3,102</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 7 August 2018. They were signed on its behalf by:



Basil Scarsella  
Director

The notes on pages 14 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 2018**

	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

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 April 2017	660	2,442	3,102
Profit for the year	-	75	75
Total comprehensive income	-	75	75
At 31 March 2018	660	2,517	3,177

The notes on pages 14 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 2018**

#### **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. They have all been applied consistently throughout the current and prior year.

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

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council (FRC).

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

##### **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.



## UK POWER NETWORKS (SOUTH EAST SERVICES) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 2 Accounting policies (continued)

##### **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 year 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.

##### **Revenue recognition**

Turnover is stated net of VAT and is recognised when the significant risks and rewards are considered to have been transferred to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred Income and included as part of creditors due within one year.

## UK POWER NETWORKS (SOUTH EAST SERVICES) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 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 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 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.

#### 5 Operating profit

Arrived at after charging/(crediting):

	2018 £ 000	2017 £ 000
Operating lease rentals receivable on land	(418)	(458)
Staff costs (Note 6)	<u>34,479</u>	<u>30,195</u>

##### Auditor's remuneration

The amount payable to Deloitte LLP was £6,100 (2017: £6,000) in respect of audit services and £Nil (2017: £Nil) in respect of non-audit services. Auditor's remuneration was borne in both years by another Group company.

# UK POWER NETWORKS (SOUTH EAST SERVICES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 6 Staff costs

The aggregate payroll costs were as follows:

	2018 £ 000	2017 £ 000
Wages and salaries	29,552	25,922
Social security costs	3,457	3,022
Pension costs	1,449	1,236
Redundancy costs	21	15
	<u>34,479</u>	<u>30,195</u>

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

	2018 Number	2017 Number
Average monthly number of employees	<u>681</u>	<u>609</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 prior year.

### 8 Other interest receivable and similar income

	2018 £ 000	2017 £ 000
Interest receivable on loans to Group undertakings	1	1
Other interest receivable	6	6
	<u>7</u>	<u>7</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

### **9 Taxation**

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

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax	<b>17</b>	66
Adjustments in respect of prior years	<b>17</b>	(6)
Total current taxation	<b>34</b>	60
<b>Deferred taxation</b>		
Adjustments in respect of prior years	<b>(14)</b>	5
Total tax charge	<b>20</b>	65

The Finance (No. 2) Act 2015 enacted reductions in the UK Corporation tax rate from 20% to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. A further reduction to 17%, effective from 1 April 2020, was enacted in the Finance Act 2016.

The current tax rate applied during the year was 19% (2017: 20%) and deferred tax was calculated at 17% (2017: 17%) based on the standard rate of corporation tax substantively enacted at the reporting date.

The total tax assessed for the year was higher (2017: lower) than the standard rate of 19% (2017: 20%) applied to profit before tax. The differences are reconciled below:

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit before tax	<b>95</b>	330
Corporation tax at standard rate	<b>18</b>	66
Income not taxable in determining taxable profit	<b>(80)</b>	(92)
Expenses not deductible for tax purposes	<b>79</b>	92
Adjustments to current tax in respect of prior years	<b>17</b>	(6)
Adjustments to deferred tax in respect of prior years	<b>(14)</b>	5
Total tax charge	<b>20</b>	65

# UK POWER NETWORKS (SOUTH EAST SERVICES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 10 Tangible assets

	Land £ 000
<b>Cost</b>	
At 1 April 2017	<u>660</u>
<b>At 31 March 2018</b>	<u><b>660</b></u>
<b>Net book value</b>	
<b>At 31 March 2018</b>	<u><b>660</b></u>
At 31 March 2017	<u><u>660</u></u>

Tangible assets comprise freehold land at £660,000 (2017: £660,000).

### 11 Debtors

	2018 £ 000	2017 £ 000
<b>Amounts falling due within one year:</b>		
Amounts owed by Group undertakings	97	93
Vat recoverable	2	4
Deferred tax assets	<u>14</u>	<u>-</u>
	<u><b>113</b></u>	<u><b>97</b></u>

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

### 12 Creditors

	2018 £ 000	2017 £ 000
<b>Amounts falling due within one year:</b>		
Corporation tax	28	42
Accruals and deferred income	<u>1,554</u>	<u>1,013</u>
	<u><b>1,582</b></u>	<u><b>1,055</b></u>

## UK POWER NETWORKS (SOUTH EAST SERVICES) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 13 Called up share capital and reserves

	2018 £ 000	2017 £ 000
<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.

#### 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 current or prior year.

#### 15 Parent and ultimate parent undertaking

The Company's immediate parent is UK Power Networks Holdings Limited, incorporated in the United Kingdom and registered in England and Wales 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; and
- 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.