



POWER ASSET DEVELOPMENT COMPANY LIMITED

Registered Number 2340677

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2017



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Directors

Colin Burke (Appointed 17 March 2017)
Patrick Clarke (Resigned 25 May 2016)
Stewart Dawson (Resigned 26 August 2016)
Lynn Gladwell
Trevor J Gregory (Resigned 14 June 2017)
David P Mitchell (Appointed 26 August 2016)
George D Stewart (Appointed 26 August 2016)
David H Sussams (Resigned 17 March 2017)
Brian Walker

Company Secretary

Nicholas R Zentner

Auditor

Deloitte LLP
2 New Street Square
London
United Kingdom
EC4A 3BZ

Registered Office

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

STRATEGIC REPORT

Business Review

The principal activities of Power Asset Development Company Limited ("PADCo", "The Company") remains the design, construction, maintenance, renewal and financing of electrical distribution equipment, linked to the ongoing contractual obligations under the Power Service Contract ("PSC").

The PSC was terminated on 15 August 2013 according to the terms under the contract between UK Power Networks Services Powerlink Limited ("Powerlink"), a related company, and London Underground Limited ("LUL").

The Balance Sheet on page 9 of the financial statements demonstrates PADCo's financial position at the period end, both in terms of net assets and cash. This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102). As a consequence of adopting FRS 102, there have been no restatements of the prior year results.

Reported period

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.

The profit for the period, before taxation, amounted to £1,000 (2016: £15,000 loss), and after taxation, to £1,000 (2016: £16,000 loss). Net assets of the business amount to £45,000 (2016: £44,000).

Principal risks and uncertainties

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important component of financial risk is liquidity risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's Balance Sheet the only financial risk the Directors consider relevant to this Company is liquidity risk.

Liquidity risk

The Company's exposure to liquidity risk is reduced as it was a part of a project structure with Powerlink, and holds sufficient cash balances to meet its known creditors.

Key performance indicators

The key performance indicators used by the Board of Directors in their monitoring of the Company centre on its remaining assets. These include:

	2017	2016
EBITDA (£'000)	1	(16)
Cash and cash equivalent balances (£'000)	52	66

STRATEGIC REPORT continued

Future developments

The Directors regard the results for the year and the year end financial position as satisfactory. The decision by LUL to terminate the contract was based on a desire to bring the operations in-house and was not a reflection on the operating performance of PADCo and Powerlink. The Directors recognise that the loss of the core contract from the business will change the underlying business going forward.

Going concern

Post 15 August 2013, the Directors are confident that the Company has taken account of its continuing obligations, including the potential for future liabilities from ongoing contractual obligations, and expects to retain positive cash balances to be utilised as appropriate. In addition, the business is earning returns on the cash balances and therefore continues to be regarded as a going concern.

Approved by the Board and signed on its behalf by:



Nicholas R Zentner
Company Secretary
Newington House
237 Southwark Bridge Road
London
SE1 6NP

30th day of June 2017

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 March 2017.

Details of future developments and going concern are included in the Strategic Report and form part of this report by cross reference.

Directors

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

Colin Burke Appointed 17 March 2017
Patrick Clarke Resigned 25 May 2016
Stewart Dawson Resigned 26 August 2016
Lynn Gladwell
Trevor J Gregory Resigned 14 June 2017
David P Mitchell Appointed 26 August 2016
George D Stewart Appointed 26 August 2016
David H Sussams Resigned 17 March 2017
Brian Walker

None of the Directors had a service contract with the Company in the current or prior period. Each director is employed by one of the shareholding or affiliated group Companies, UK Power Networks (Operations) Limited, ABB Investments Limited or Balfour Beatty Infrastructure Investments Limited and has a service contract with the respective Company.

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.

Dividends

No dividends were paid in the period (2016: £nil). The Directors do not recommend the payment of a final dividend.

Political donations

The Company made no political donations in the period (2016: £nil).

Disclosure of information to Auditor

Each of the persons who are 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

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:



Nicholas R Zentner
Company Secretary
Newington House
237 Southwark Bridge Road
London
SE1 6NP

30th day of June 2017

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 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 then 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 POWER ASSET DEVELOPMENT COMPANY LIMITED

We have audited the financial statements of Power Asset Development Company Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement, 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 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 (UK 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. 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 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 result 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.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POWER ASSET DEVELOPMENT
COMPANY 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

Marianne Milnes

Marianne Milnes (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 June 2017

POWER ASSET DEVELOPMENT COMPANY LIMITED
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FOR THE YEAR ENDED 31 MARCH 2017

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

		Year to 31 March 2017 £000	31 December 2014 to 31 March 2016 £000
	Note		
Turnover		-	-
Gross profit		-	-
Administrative expenses		-	(15)
Operating profit/(loss)	3	-	(15)
Finance income	6	1	-
Profit/(loss) before taxation		1	(15)
Taxation	7	-	(1)
Profit/(loss) for the financial period		1	(16)

All results are derived from continuing operations and obligations in both the current and preceding period.

Notes on pages 11 to 15 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Called Up Share Capital £000	Profit and loss account £000	Total share- holders' funds £000
At 31 December 2015	-	60	60
Loss for the period	-	(16)	(16)
At 31 March 2016	-	44	44
Profit for the year	-	1	1
At 31 March 2017	-	45	45

POWER ASSET DEVELOPMENT COMPANY LIMITED
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BALANCE SHEET
AS AT 31 MARCH 2017

		31 March 2017 £000	31 March 2016 £000
	<i>Note</i>		
Current assets			
Cash		52	66
Total current assets		52	66
Creditors: amounts falling due within one year	<i>8</i>	(7)	(22)
Net current assets		45	44
Total assets less current liabilities		45	44
Net assets		45	44
Capital and reserves			
Called up share capital	<i>9</i>	-	-
Profit and loss account		45	44
Shareholders' funds		45	44

The financial statements of Power Asset Development Company Limited, registered number 2340677, on pages 9 to 15 were approved by the Board of Directors on 30 June 2017 and were signed on its behalf by:



David Mitchell
Chairman

POWER ASSET DEVELOPMENT COMPANY LIMITED
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

		Year to 31 March 2017 £000	31 December 2014 to 31 March 2016 £000
	<i>Note</i>		
Net cash flows from operating activities	11a	(15)	(4)
Taxation		-	(1)
Cash flows from investing activities			
Interest received		1	-
Net cash flows from investing activities		1	-
Net decrease in cash and cash equivalents		(14)	(5)
Cash and cash equivalents at beginning of year		66	71
Cash and cash equivalents at end of year		52	66
Reconciliation to cash at bank and in hand			
Cash at bank and in hand		52	66

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

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. 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 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 31 December 2014.

The prior year financial statements had no restatements for material adjustments on adoption of FRS 102 in the current year. More information is shown in note 13.

Going Concern

On 16 August 2012, LUL exercised its right under the PSC to terminate the contract. The announcement gave the Company and Powerlink twelve months' notice prior to expiry on 15 August 2013. On expiry, the trade, assets and liabilities reverted to LUL. Post 15 August 2013, the Directors are confident that the Company will retain positive cash balances to utilise as appropriate. On this basis, the Directors consider it appropriate to prepare the accounts on a going concern basis.

Dividends

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to 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. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors may be required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Such estimates and the associated assumptions would be based on historical experience or other factors that are considered to be relevant. Actual results may 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 the financial statements.

3. Operating (loss)/profit

Amounts payable to Deloitte LLP and their associates by the Company in respect of audit services were £5,000 (2016: £5,000). No other fees were payable to Deloitte LLP in the year (2016: £nil).

4. Directors' emoluments

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

5. Staff costs

The Company had no employees during the period (2016: none).

6. Finance income

	Year to 31 March 2017 £000	31 December 2014 to 31 March 2016 £000
Interest receivable	1	-

7. Taxation

The tax charge comprises

	Year to 31 March 2017 £000	31 December 2014 to 31 March 2016 £000
Current tax on profit		
UK corporation tax	-	-
Adjustment in respect of prior periods	-	1
Total current tax	-	1

NOTES TO THE FINANCIAL STATEMENTS continued

7. Taxation continued

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	Year to 31 March 2017 £000	31 December 2014 to 31 March 2016 £000
Profit/(loss) before tax	1	(15)
Tax on profit/(loss) at standard UK rate of corporation tax of 20.00% (2016: 20.00%)	-	(3)
Effects of:		
Unrelieved tax losses and other deductions arising in the period	-	3
Adjustments to tax charge in respect of previous periods	-	1
Total tax charge	-	1

As the taxable profits for the company in the period are under the threshold of £300,000 for the main rate of corporation tax, the company qualifies for the small profits corporation tax rate of 20% for the period to 31 March 2017.

A lower tax rate of 19% effective from 1 April 2017 and 18% from 1 April 2020 have been announced and enacted in 2015. A lower tax rate of 17% effective from 1 April 2020 was announced in the 2016 Budget. However this rate change had not been substantively enacted in Law.

8. Creditors: amounts falling due within one year

	31 March 2017 £000	31 March 2016 £000
Amounts owed to related undertakings (note 11)	-	14
Other creditors	7	8
	7	22

9. Called up share capital

Allotted, called up and fully paid:

	31 March 2017 Number	31 March 2016 Number	31 March 2017 £	31 March 2016 £
Ordinary shares of £1 each	100	100	100	100

NOTES TO THE FINANCIAL STATEMENTS continued

10. Related parties

The Company constructed, maintained and renewed assets related to the LUL electricity network, which were leased under an operating lease to Powerlink. The Company's assets were provided under a construction contract with UK Power Networks Services (Commercial) Limited, ABB Power T&D Limited and Balfour Kilpatrick Limited, the Construction Joint Venture, for approximately £107m. No amounts were charged or remain outstanding in respect of this arrangement in the current period (2016: £nil)

		31 December 2014 to 31 March 2016 £000	Year to 31 March 2017 £000
Management fee charged by	- UK Power Networks Services (Powerlink Holdings) Limited	-	6
	- ABB group companies	-	2
	- Balfour Beatty group companies	-	2
		-	10
Amounts owed to related Undertakings at 31 March (see note 8):			
UK Power Networks Services Powerlink Limited		-	-
UK Power Networks Services (Powerlink Holdings) Limited		-	8
ABB group companies		-	3
Balfour Beatty group companies		-	3
		-	14

11. Notes to the Cash Flow Statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	31 December 2014 to 31 March 2016 £000	Year to 31 March 2017 £000
Operating (loss)/profit	(15)	-
Increase/(decrease) in creditors	11	(15)
Net cash outflow from operating activities	(4)	(15)

(b) Analysis of net cash and cash equivalents

	31 March 2016 £000	Cash flow £000	31 March 2017 £000
Cash at bank and in hand	66	(14)	52

NOTES TO THE FINANCIAL STATEMENTS continued

12. Parent undertaking and controlling party

The Company is a joint venture undertaking, owned 50% by UK Power Networks Services (Powerlink Holdings) Limited, 25% by ABB Investments Limited and 25% by Balfour Beatty Infrastructure Investments Limited. Each shareholder has a significant, but not dominant, influence over the Company.

As no one company has control the Directors are of the opinion that there is no ultimate parent company.

13. Explanation of transition to FRS 102

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 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 31 December 2014. As a consequence of adopting FRS 102, there have been no restatements of the prior year results.