



POWER ASSET DEVELOPMENT COMPANY LIMITED

Registered Number 2340677

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2020



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Directors

Colin Burke
Lynn Gladwell
David P Mitchell
George D Stewart
Brian Walker

Company Secretary

Nicholas R Zentner

Auditor

Deloitte LLP
1 New Street Square
London
United Kingdom
EC4A 3HQ

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, which mainly comprises of cash assets.

Reported period

The result for the year, before taxation, amounted to a result of £nil (2019: loss of £1,000), and after taxation, a result of £nil (2019: loss of £1,000). Net assets of the business amount to £5,000 (2019: £5,000).

No dividends were paid in the year (2019: £46,000).

Principal risks and uncertainties

Financial risk management

The Company is exposed to financial risk through its financial assets. 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 indicator used by the Board of Directors in their monitoring of the Company centres on its remaining asset:

	2020	2019
Cash and cash equivalent balances (£'000)	5	6

Future developments and going concern

The Company has no further obligations under the PSC contract. The Directors continue to consider their options with regard to developing the business going forward. The Directors intend keeping the Company in existence as a dormant company with the possibility that it may become active again in the future. As the Company has currently ceased trading these financial statements are prepared on the basis other than going concern. No adjustments have arisen as a result of ceasing to apply the going concern basis. For further details see note 1 in the financial statements.

Approved by the Board and signed on its behalf by:



David Mitchell
Director

9th day of October 2020

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for the year ended 31 March 2020.

Details of future developments and going concern are included in the Strategic Report on page 2 and form part of this report by cross reference.

Directors

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

Colin Burke
Lynn Gladwell
David P Mitchell
George D Stewart
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 year (2019: £46,000). The Directors do not recommend the payment of a final dividend (2019: £nil).

Political donations

The Company made no political donations in the year (2019: £nil).

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

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:



David Mitchell
Director

9th day of October 2020
Newington House
237 Southwark Bridge Road
London
SE1 6NP
United Kingdom

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, including FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland"). 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

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 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including 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 which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the statement of accounting policies; 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, including 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 Financial Reporting Council's (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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POWER ASSET DEVELOPMENT COMPANY LIMITED (continued)

Emphasis of matter – financial statements prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern.

Our opinion is not modified in respect of this matter.

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 5, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POWER ASSET DEVELOPMENT COMPANY LIMITED (continued)

Report on other legal and regulatory requirements

Opinions 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 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 has 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 or 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.

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.



Makhan Chahal, ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

9th October 2020

POWER ASSET DEVELOPMENT COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

		Year to 31 March 2020 £000	Year to 31 March 2019 £000
	<i>Note</i>		
Turnover		-	-
Gross profit		-	-
Administrative expenses		-	(1)
Operating profit/(loss)		-	(1)
Finance income	6	-	-
Profit/(loss) before taxation		-	(1)
Taxation	7	-	-
Profit/(loss) for the financial period		-	(1)

All results are derived from continuing operations and obligations in both the current and preceding period. During the year there was no Other Comprehensive Income.

Notes on pages 11 to 14 form part of these financial statements.

POWER ASSET DEVELOPMENT COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	31 March 2020 £000	31 March 2019 £000
Current assets			
Cash		5	6
Total current assets		5	6
Creditors: amounts falling due within one year	9	-	(1)
Net current assets		5	5
Total assets less current liabilities		5	5
Net assets		5	5
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account		5	5
Shareholders' funds		5	5

The financial statements of Power Asset Development Company Limited, registered number 2340677, and the notes on pages 8 to 14 were approved by the Board of Directors on 9th October 2020 and were signed on its behalf by:



David Mitchell
Chairman

STATEMENT OF CHANGES IN EQUITY

	Called Up Share Capital £000	Profit and loss account £000	Shareholders' funds £000
At 31 March 2018	-	52	52
Loss for the year	-	(1)	(1)
Dividends paid	-	(46)	(46)
At 31 March 2019	-	5	5
Profit for the year	-	-	-
At 31 March 2020	-	5	5

POWER ASSET DEVELOPMENT COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	<i>Note</i>	Year to 31 March 2020 £000	Year to 31 March 2019 £000
Net cash flows from operating activities	11a	(1)	-
Taxation		-	-
Cash flows from investing activities			
Interest received		-	-
Net cash flows from investing activities		-	-
Cash flows from financing activities			
Dividends paid	8	-	(46)
Net decrease in cash and cash equivalents		(1)	(46)
Cash and cash equivalents at beginning of year		6	52
Cash and cash equivalents at end of year		5	6
Reconciliation to cash at bank and in hand			
Cash at bank and in hand		5	6

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.

Going Concern

The Company has no further obligations under the PSC contract. The Directors continue to consider their options with regard to developing the business going forward. The Directors intend keeping the Company in existence as a dormant company with the possibility that it may become active again in the future. As the Company has currently ceased trading these financial statements are prepared on the basis other than going concern. No adjustments have arisen as a result of ceasing to apply the 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.

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. Auditor's remuneration

Amounts payable to Deloitte LLP and their associates by the Company in respect of audit services were £7,700 (2019: £6,300). No other fees were payable to Deloitte LLP in the year (2019: £nil). Auditor's remuneration was borne in both years by another Group company.

NOTES TO THE FINANCIAL STATEMENTS continued

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 (2019: none).

6. Finance income

	Year to 31 March 2020 £000	Year to 31 March 2019 £000
Interest receivable	-	-

7. Taxation

The tax charge comprises

	Year to 31 March 2020 £000	Year to 31 March 2019 £000
Current tax on profit		
UK corporation tax	-	-
Adjustment in respect of prior periods	-	-
Total current tax	-	-

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 2020 £000	Year to 31 March 2019 £000
Profit/(loss) before tax	-	(1)
Tax on profit at standard UK rate of Corporation tax of 19.00% (2019: 19.00%)	-	-
Effects of: Unrelieved tax losses and other deductions arising in the period	-	-
Total tax charge	-	-

NOTES TO THE FINANCIAL STATEMENTS continued

7. Taxation continued

The Finance Act 2016 enacted a reduction in the UK Corporation tax rate from 19% to 17% with effect from 1 April 2020. However, within the Finance Bill 2020 published on 19 March 2020, the rate from 1 April 2020 has now been enacted to remain at 19% rather than reducing it to 17%.

The current tax rate applied during the year was 19% (2019: 19%) and deferred tax was calculated at 19% (2019: 17%) based on the standard rate of corporation tax substantively enacted at the reporting date. Revaluing the opening deferred tax balance at 1 April 2019 from 17% to 19%, has increased the tax charge in the current year by £20.

8. Dividends

The aggregate amount of dividends comprises:

	31 March 2020 £000	31 March 2019 £000
Interim dividends paid in respect of the current period	-	(46)

9. Creditors: amounts falling due within one year

	31 March 2020 £000	31 March 2019 £000
Amounts owed to related undertakings	-	-
Other creditors	-	1
	-	1

10. Called up share capital

Allotted, called up and fully paid:

	31 March 2020 Number	31 March 2019 Number	31 March 2020 £	31 March 2019 £
Ordinary shares of £1 each	100	100	100	100

NOTES TO THE FINANCIAL STATEMENTS continued

11. Notes to the Cash Flow Statement

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

	Year to 31 March 2020 £000	Year to 31 March 2019 £000
Operating profit/(loss)	-	(1)
(Decrease)/increase in creditors	(1)	1
Net cash outflow from operating activities	(1)	-

(b) Analysis of net cash and cash equivalents

	31 March 2019 £000	Cash flow £000	31 March 2020 £000
Cash at bank and in hand	6	(1)	5

12. Subsequent events

On 23 March 2020 the UK Government declared a national lockdown due to the uncontrolled and rapid spread of the COVID-19 virus. The pandemic has continued to have a detrimental impact on the UK economy in the period from the reporting date at 31 March 2020 to the date of authorisation of these financial statements on 9th October 2020 and there is uncertainty in predicting the extent and duration of the effects of COVID-19 in the months ahead. The financial position of the Company has not been impacted by the pandemic and the Directors do not expect these events to affect the Company's prospects in the longer term. The financial statements for the year ended 31 March 2020 have not been adjusted to reflect any post balance sheet impact of the pandemic which is considered to be a non-adjusting subsequent event.

13. 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 and has no ultimate controlling entity.