

# UK Power Networks (IDNO) Limited

Registered Number 6489447

Annual Report and Financial Statements

for the period from 1 January 2014 to 30 December 2014



**CONTENTS**

Company Information	1
Directors' Report	2 to 3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5 to 6
Profit and Loss Account	7
Balance Sheet	8
Notes to the Financial Statements	9 to 14

**COMPANY INFORMATION**

**Directors** Andrew John Hunter  
Basil Scarsella  
Loi Shun Chan

**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 period ended 30 December 2014. 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.

### Change of year end

The company has changed its accounting reference period end and as a result these financial statements cover the period 1 January 2014 to 30 December 2014. The comparative period covers the period 1 January 2013 to 31 December 2013. Comparisons against prior year performance have not been adjusted as it is considered that the financial impact of shortening the accounting period by one day is not material.

### Review of the business

The Company is an Independent Distribution Network Operator contracted to build and operate the electricity distribution network for the London 2012 Olympics site. The network was completed in May 2012 and successfully powered the Olympic park venues during the 2012 Olympic and Paralympic games.

The Company is part of the UK Power Networks group ("the Group") which owns and operates electricity distribution networks in London, the South East and the East of England serving over eight million customers. The Company employs no staff (2013: nil). The network is operated by UK Power Networks (Operations) Limited which manages the distribution networks of the Group.

On 1 April 2013 the tangible fixed assets of the Company were transferred to a fellow subsidiary, London Power Networks plc, at book value. UK Power Networks (Operations) Limited continued to operate the distribution network and London Power Networks plc has collected the revenue for units distributed since 1 April 2013. The Company has remained trading as a vehicle to collect revenue for units distributed prior to the transfer. Past consumption data is subject to modification after the final consumption date as more accurate meter data becomes available. The Company also continues to monitor and evaluate other business opportunities as they arise.

The loss for the period, before taxation, amounted to £186,000 (2013: £3,483,000) and after taxation, to £803,000 (2013: £2,659,000). No dividends were paid in the current period or prior year.

### Directors

The directors who held office during the period and subsequently 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 period.

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

## **DIRECTORS' REPORT continued**

### **Future developments and Going Concern**

The Directors are considering their options with regard to developing the business going forward. The Company has a £10m loan from UK Power Networks (IDNO Finance) Limited due for repayment in June 2015. This loan is part of the Group's centralised treasury arrangements. The parent company UK Power Networks Holdings Ltd has confirmed that it will provide the necessary support to enable the Company to meet its loan obligations when they fall due. On the basis of their assessment of the Company's financial position and of the enquiries made to the directors of UK Power Networks Holdings Ltd, the Company's directors have a reasonable expectation that the Company will be able to continue operating for a period not less than twelve months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis in preparing the financial statements.

### **Political contributions**

The Company made no political contributions in either period.

### **Disclosure of information to Auditor**

Each of the persons who is a director at the date of approval of this annual report confirms that:

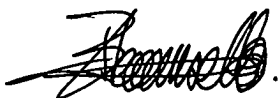
- so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's 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.

### **Reappointment of auditors**

The auditors Deloitte LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



B Scarsella  
**Director**  
19 May 2015  
Newington House  
237 Southwark Bridge Road  
London  
SE1 6NP

## 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 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 UK POWER NETWORKS (IDNO) LIMITED**

We have audited the financial statements of UK Power Networks (IDNO) Limited for the period from 1 January 2014 to 30 December 2014, which comprise the Profit and Loss Account, the Balance Sheet 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 December 2014 and of its loss for the period 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**

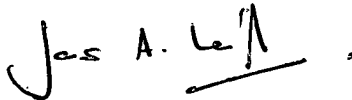
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK POWER NETWORKS (IDNO) 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
- the Directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report and in preparing the Directors' Report.



.....  
**James Leigh FCA (Senior Statutory Auditor)**  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
2 New Street Square  
London  
EC4A 3BZ  
19 May 2015



**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 DECEMBER 2014**

	Note	1 January 2014 to 30 December 2014 £000	Year ended 31 December 2013 £000
<b>Turnover</b>	2	(1)	425
Cost of sales		-	(655)
<b>Gross loss</b>		(1)	(230)
Net distribution costs		114	(135)
Administrative expenses		(1)	(2,829)
<b>Operating profit/(loss)</b>	3	112	(3,194)
<b>Finance charges (net)</b>			
Other interest receivable and similar income	5	-	9
Interest payable and similar charges	5	(298)	(298)
		(298)	(289)
<b>Loss on ordinary activities before taxation</b>		(186)	(3,483)
Tax on loss on ordinary activities	6	(617)	824
<b>Loss for the financial period</b>	10	(803)	(2,659)

The Company has no recognised gains or losses for the period other than the results above, and therefore no statement of total recognised gains and losses has been prepared.


All results are from continuing operations.

**UK POWER NETWORKS (IDNO) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**30 DECEMBER 2014**

**BALANCE SHEET**  
**AT 30 DECEMBER 2014**

		30 December 2014 £000	31 December 2013 £000
	Note		
<b>Current assets</b>			
Debtors falling due within one year	7	9,000	613
Cash at bank and in hand		27	9,394
		<u>9,027</u>	<u>10,007</u>
Creditors: Amounts falling due within one year	8	<u>(11,786)</u>	<u>(11,963)</u>
<b>Net liabilities</b>		<u>(2,759)</u>	<u>(1,956)</u>
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Profit and loss account	10	<u>(2,759)</u>	<u>(1,956)</u>
<b>Shareholders' deficit</b>		<u>(2,759)</u>	<u>(1,956)</u>

The financial statements of UK Power Networks (IDNO) Limited, registered number 6489447, were approved by the Board of Directors and authorised for issue on 19 May 2015.  
They were signed on its behalf by:

  
.....  
B Scarsella  
Director

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting policies

The principle accounting policies are set out below. They have all been applied consistently throughout the period 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.

#### **Exemption from preparing a 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 Limited whose consolidated accounts include a cash flow statement and are publicly available.

#### **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.

#### **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 Turnover

Turnover, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to continuing activities of electricity distribution. Turnover is recognised at the point of consumption based on metering data and includes an estimate of the sales value of units consumed by customers between the date of the most recently available metering data and the year end.

### 3 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	1 January 2014 to 30 December 2014 £000	Year ended 31 December 2013 £000
Depreciation of owned assets	-	112
Write off of amounts due from Group undertakings relating to bid costs	-	2,827

In the prior year the Company wrote off £2,827,000 in connection with the bid costs incurred in securing the Olympics contract in 2009. Since the distribution assets used to power the Olympics were transferred to another subsidiary within the Group on 1 April 2013, the bid costs for the project were no longer considered recoverable from a third party external to the Group. Therefore the Company released its parent, UK Power Networks (IDNO Finance) Ltd, from the obligation to recover these costs.

Amounts payable to Deloitte LLP were £5,600 (2013: £5,400) in respect of audit services and £10,600 (2013: £10,300 ) in respect of the certification of the regulatory accounts. Auditor's remuneration was borne in both years by another Group company.

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

### 4 Directors' remuneration

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Finance charges (net)

	1 January 2014 to 30 December 2014 £000	Year ended 31 December 2013 £000
<b>Interest receivable and similar income</b>		
Interest on loans from Group undertakings	-	3
Other interest receivable	-	6
	<u>-</u>	<u>9</u>
<b>Interest payable and similar charges</b>		
Interest on loans from group undertakings	(298)	(298)
	<u>-</u>	<u>-</u>
	<u>(298)</u>	<u>(298)</u>
<b>Total Finance Charges (net)</b>	<u>(298)</u>	<u>(289)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 Taxation

Tax on loss on ordinary activities

	1 January 2014 to 30 December 2014 £000	Year ended 31 December 2013 £000
<b>Current tax</b>		
Corporation tax charge	(40)	(653)
Adjustments in respect of previous years	657	(16)
UK Corporation tax	<u>617</u>	<u>(669)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(157)
Effect of changes in tax rates	-	2
Total deferred tax	<u>-</u>	<u>(155)</u>
Tax on loss on ordinary activities	<u>617</u>	<u>(824)</u>

Factors affecting current tax charge for the period

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are reconciled below.

	1 January 2014 to 30 December 2014 £000	Year ended 31 December 2013 £000
Loss on ordinary activities before tax	<u>(186)</u>	<u>(3,483)</u>
Corporation tax at standard rate of 21.5% (2013: 23.25%)	(40)	(810)
Capital allowances in excess of depreciation	-	157
Adjustment for prior periods	657	(16)
Total current tax	<u>617</u>	<u>(669)</u>

Tax rate changes

A tax rate change from 23% to 21% effective from 1 April 2014 and a further reduction to 20% from 1 April 2015 were substantively enacted in 2013. The average rate of corporation tax applied in 2014 was 21.5% (2013: 23.25%).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7 Debtors

	30 December 2014 £000	31 December 2013 £000
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	9,000	-
Corporation tax (Group relief receivable)	-	613
	<u>9,000</u>	<u>613</u>

Amounts owed by Group undertakings represent loans to the distribution businesses repayable in January 2015 and bearing interest at 1.2%.

### 8 Creditors: Amounts falling due within one year

	30 December 2014 £000	31 December 2013 £000
Corporation tax	601	-
Other taxes and social security	-	433
Other creditors	-	525
Accruals and deferred income	217	314
Amounts owed to Group undertakings	10,968	10,691
	<u>11,786</u>	<u>11,963</u>

Amounts due to Group undertakings include a loan of £10,000,000 from UK Power Networks (IDNO Finance) Limited bearing interest at 2.982% and repayable in June 2015.

### 9 Share capital

Allotted, called up and fully paid

	30 December 2014 Number	31 December 2013 Number	30 December 2014 £	31 December 2013 £
Ordinary shares of £1 each	1	1	1	1

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 10 Reserves

	Share Capital £000	Profit and loss account £000	Total Share holder's funds £000
At 1 January 2013	-	703	703
Loss for the year	-	(2,659)	(2,659)
At 1 January 2014	-	(1,956)	(1,956)
Loss for the period	-	(803)	(803)
At 30 December 2014	-	(2,759)	(2,759)

### 11 Financial Commitments

Amounts contracted for but not provided for in the financial statements amounted to £Nil (2013: £Nil).

### 12 Related party transactions

In accordance with FRS 8 'Related party disclosures', the Company is exempt from disclosing transactions with entities that are part of the Group or Investees of the Group qualifying as related parties, as it is a wholly owned subsidiary of a parent, which prepared consolidated accounts which are publicly available.

### 13 Control

UK Power Networks (IDNO) Limited holds a 100% interest in UK Power Networks (IDNO) 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 both sets of 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	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.