

Registration number: 11024024

Forbury Assets Limited

Directors report and Financial Statements

for the Year from 1 April 2019 to 31 March 2020



## **Forbury Assets Limited**

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## **Forbury Assets Limited**

### **Company Information**

#### **Directors**

Matthew Anderson

Grant Elder

Owen Temple

#### **Company secretary**

Graham Atkinson

#### **Registered office**

No.1 Forbury Place  
43 Forbury Road  
Reading  
RG1 3JH

#### **Auditors**

Ernst & Young LLP  
Statutory Auditor  
Apex Plaza  
Forbury Road  
Reading  
RG1 1YE

#### **Registered number**

11024024

## **Forbury Assets Limited**

### **Directors' Report for the Year from 1 April 2019 to 31 March 2020**

The directors present their report and the financial statements for the year from 1 April 2019 to 31 March 2020.

#### **Directors' of the company**

The director, who held office during the year, were as follows:

Derek Hastings (ceased 1 April 2020)

The following directors were appointed after the year end:

Matthew Anderson (appointed 1 April 2020)

Grant Elder (appointed 1 April 2020)

Owen Temple (appointed 19 October 2020)

Scott Anderson (appointed 14 May 2020 ceased 19 October 2020)

#### **Principal activity**

The principal activity of the company is owning and operating local electricity distribution network infrastructure. The Company charges electricity suppliers for use of the electricity distribution system to convey electricity to consumers. The company was dormant in 2019 with the licence to operate the network being awarded on the 8th April 2020 and network operations commenced in July 2020.

#### **Dividends**

The directors do not recommend payment of a dividend (2019 (unaudited): £Nil) be made in respect of the financial year ended 31 March 2020.

#### **Political and charitable donations**

The Company did not make any political or charitable donations during the year.

#### **Going concern**

The financial statements are prepared on a Going Concern basis which has been supported by the provision of a parental letter of support from SSE plc. The Group letter of support confirms it will provide support for a period of 12 months from the date of signing of these accounts where required. The Directors are satisfied that the Group has the ability to provide this support, should it be required.

In assessing the financial strength of the letter of support provided, the directors considered the committed bank facilities of £1.5bn maintained by the Group, the current commercial paper market conditions, the recent success of the Group in refinancing maturing debt, as well as sensitivities on future cashflow projections that reflect the impact of the coronavirus pandemic and the Group's credit rating. The directors also considered the progress of the Group's disposal programme since 31 March 2020 and mitigating actions available to the Group under downside scenarios including non-essential capex postponement and refinancing of mature debt. In considering these factors, the directors satisfied themselves that the SSE plc group has sufficient headroom to continue as a going concern and could provide support to the business as required.

Having reviewed the financial strength of the Group, the directors are satisfied that the Group, and the company itself, will remain funded for the foreseeable future. The Directors have concluded it is appropriate for the financial statements to be prepared on a going concern basis.

#### **Assessing the impact of coronavirus**

On March the 11th 2020, the World Health Organisation classified the novel coronavirus as a global pandemic. We assessed the impact of the COVID-19 pandemic and while the long-term implications of COVID-19 remain uncertain, due to the operations of the Company, the impact of the virus on this and also future years is expected to be limited. The Directors have considered the expected impact of coronavirus in reaching their assessment of the Company's ability to continue as a going concern above.

## **Forbury Assets Limited**

### **Directors' Report for the Year from 1 April 2019 to 31 March 2020 (continued)**

#### **Assessing the impact of coronavirus (continued)**

The health and wellbeing of employees continues to be the primary concern and suitable arrangements have been put in place to ensure a safe working environment for the staff. The situation is under daily review and all necessary measures to ensure the company faces minimal disruption during this time will be taken.

#### **Brexit**

The directors are aware of the political uncertainty as the UK transitions out of the European Union. Due to the nature of operations of the Company, the impact of Brexit is expected to be minimal.

#### **Disclosure of information to the auditors**

Each of the persons who are directors at the time when this directors report is approved has confirmed 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 ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Small companies provision statement**

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

#### **Prior year extended period**

The Company was incorporated on 20 October 2017 and the directors extended the accounting period to 18 months, with the first set of account made up to 31 March 2019.


#### **Directors third party indemnity provision**

Qualifying third party indemnity provisions were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 March 2020 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, powers or office.

#### **Reappointment of auditors**

Ernst & Young were appointed as auditor of the company in accordance with Section 383(2) of the Companies Act 2014. A resolution proposing that they be re-appointed will be put forward at the Annual General Meeting of the company.

Approved by the Board on 11 June 2021 and signed on its behalf by:



Grant Elder  
Director

## **Forbury Assets Limited**

### **Statement of Directors' Responsibilities**

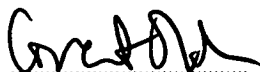
The responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 FRS 101 has 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.

Approved by the Board on 11 June 2021 and signed on its behalf by:



Grant Elder  
Director

## **Independent Auditor's Report to the Members of Forbury Assets Limited**

### **Opinion**

We have audited the financial statements of Forbury Assets Limited for the year ended 31 March 2020 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and the related notes 1 to 10, 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, including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2020 and of its loss 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.

### **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 below. 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you 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 twelve months from the date when the financial statements are authorised for issue.

### **Other matter**

The corresponding figures for the period ended 31 March 2019 are unaudited.

### **Other information**

The other information comprises the information included in the annual report set out on pages 2 and 3, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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

## **Independent Auditor's Report to the Members of Forbury Assets Limited (continued)**

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### **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 directors' report have been prepared in accordance with applicable legal requirements.

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

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



## **Independent Auditor's Report to the Members of Forbury Assets Limited (continued)**

### **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.

*Ernst & Young LLP*

Emily Butler (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Apex Plaza  
Forbury Road  
Reading  
RG1 1YE  
Date: 11 June 2021

## Forbury Assets Limited

### Profit and Loss Account for the Year from 1 April 2019 to 31 March 2020

		31 March 2020	31 March 2019 (Unaudited)
	Note	£ m	£ m
Turnover		-	-
Administrative expenses		(0.4)	-
Operating loss		(0.4)	-
Loss before tax		(0.4)	-
Deferred tax		0.1	-
Tax on (loss)/profit	6	0.1	-
Loss for the year		(0.3)	-

The notes on pages 11 to 16 form an integral part of these financial statements.

The above results were derived from continuing operations.

There were no recognised gains and losses for 2020 or 2019 (unaudited) other than those included in the profit and loss account, as such a statement of other comprehensive income has not been presented.

**Forbury Assets Limited**

**(Registration number: 11024024)**  
**Balance Sheet as at 31 March 2020**

		<b>31 March 2020</b>	<b>31 March 2019 (Unaudited)</b>
	<b>Note</b>	<b>£ m</b>	<b>£ m</b>
<b>Current assets</b>			
Deferred Tax asset		0.1	-
<b>Creditors: Amounts falling due after more than one year</b>			
Amounts due to related parties	7	(0.4)	-
<b>Net liabilities</b>		(0.3)	-
<b>Capital and reserves</b>			
Called up share capital	8	-	-
Profit and loss account		(0.3)	-
Shareholders' deficit		(0.3)	-

The notes on pages 11 to 16 form an integral part of these financial statements.

Approved by the Board on 11 June 2021 and signed on its behalf by:



.....  
Grant Elder  
Director

**Forbury Assets Limited**

**Statement of Changes in Equity for the Year Ended 31 March 2020**

	Share capital £ m	Retained earnings £ m	Total £ m
At 20 October 2017	-	-	-
Total comprehensive income	-	-	-
At 31 March 2019 (Unaudited)	-	-	-

	Share capital £ m	Retained earnings £ m	Total £ m
At 1 April 2019 (unaudited)	-	-	-
Loss for the year	-	(0.3)	(0.3)
Total comprehensive income	-	(0.3)	(0.3)
At 31 March 2020	-	(0.3)	(0.3)

## **Forbury Assets Limited**

### **Notes to the Financial Statements for the Year from 1 April 2019 to 31 March 2020**

#### **1 General information**

The company is a private company limited by share capital, incorporated and domiciled in England & Wales under the Companies Act. Its registered address is No.1 Forbury Place, 43 Forbury Road, Reading, RG1 3JH.

The principal activity of the company is owning and operating local electricity distribution network infrastructure. The Company charges electricity suppliers for use of the electricity distribution system to convey electricity to consumers. The licence to operate the network was awarded on the 8th April 2020 and network operations commenced in July 2020.

#### **2 Accounting policies**

##### **2.1 Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **2.2. Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU, but has made amendments, where necessary, in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

##### **2.3 Summary of disclosure exemptions**

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes required by IAS 7;
- Comparative year reconciliations for share capital, tangible fixed assets and intangible assets required by IAS 1, IAS 16 and IAS 36 respectively;
- Small companies exemptions to prepare a strategic report;
- The effect of new, but not yet effective, IFRSs required by IAS 1;
- Disclosures in respect of the compensation of key management personnel required by IAS 24;
- Disclosures in respect of capital management required by IAS 1; and
- Related party disclosures required by IAS 24.

As the consolidated financial statements of SSE plc include the equivalent disclosure, the company has also taken advantage the exemptions , under FRS 101, available in respect of the following disclosures:

- Certain disclosures required by IAS 36, Impairment of assets, in respect of the impairment of goodwill and life intangible assets; and
  - Certain disclosures required by IFRS 13, Fair value measurement, and the disclosures required by IFRS 7, Financial instrument disclosures.
- Employee share based payments have not been disclosed on the basis of materiality.

## **Forbury Assets Limited**

### **Notes to the Financial Statements for the Year from 1 April 2019 to 31 March 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **2.4 Consolidated accounts**

The financial statements contain information about Forbury Asset Limited as an individual company. The Company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is included in the financial statements of the ultimate parent undertaking, SSE Plc, a company incorporated in Scotland whose financial statements are publicly available.

##### **2.5 Going concern**

The financial statements are prepared on a Going Concern basis which has been supported by the provision of a parental letter of support from SSE plc. The Group letter of support confirms it will provide support for a period of 12 months from the date of signing of these accounts where required. The Directors are satisfied that the Group has the ability to provide this support, should it be required.

In assessing the financial strength of the letter of support provided, the directors considered the committed bank facilities of £1.5bn maintained by the Group, the current commercial paper market conditions, the recent success of the Group in refinancing maturing debt, as well as sensitivities on future cashflow projections that reflect the impact of the coronavirus pandemic and the Group's credit rating. The directors also considered the progress of the Group's disposal programme since 31 March 2020 and mitigating actions available to the Group under downside scenarios including non-essential capex postponement and refinancing of mature debt. In considering these factors, the directors satisfied themselves that the SSE plc group has sufficient headroom to continue as a going concern and could provide support to the business as required.

Having reviewed the financial strength of the Group, the directors are satisfied that the Group, and the company itself, will remain funded for the foreseeable future. The Directors have concluded it is appropriate for the financial statements to be prepared on a going concern basis.

##### **2.6 Finance income and costs policy**

Interest income and costs are recognised in the income statement as they accrue, on an effective interest method.

Interest on the funding attributable to major capital projects is capitalised during the year of construction and depreciated as part of the total cost over the useful life of the asset.

##### **2.7 Tax**

The tax expense for the year comprises 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 in other comprehensive income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

## **Forbury Assets Limited**

### **Notes to the Financial Statements for the Year from 1 April 2019 to 31 March 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **2.8 Borrowings**

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the year of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### **2.9 Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

##### **2.10 Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## **Forbury Assets Limited**

### **Notes to the Financial Statements for the Year from 1 April 2019 to 31 March 2020 (continued)**

#### **3 Staff costs**

On average there were two employees with aggregate payroll costs (including director's remuneration) as follows:

	<b>2020</b>	<b>2019</b>
		<b>(unaudited)</b>
	<b>£ m</b>	<b>£ m</b>
Wages and salaries	<u>0.2</u>	<u>-</u>

#### **4 Directors' remuneration**

The total remuneration received by the directors for qualifying and non-qualifying services during the year was £0.2m (2019 (unaudited): £nil). The above value is for 1 director (2019 (unaudited): 2), where he was remunerated via another Group company in the year. A value of services to the Company for this director cannot be determined, therefore the above value reflects the remunerations received for services to the SSE Group as a whole.

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £0.2m (2019 (unaudited): £nil) including company pension contributions of £0.05m (2019 (unaudited): £nil) which were made to a money purchase scheme on their behalf.

#### **5 Auditors' remuneration**

The company incurred an audit fee of £12,792 in the year (2019 (unaudited): £nil). The fee in both the current and previous year was borne by another group company.



## Forbury Assets Limited

### Notes to the Financial Statements for the Year from 1 April 2019 to 31 March 2020 (continued)

#### 6 Income tax

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

	2020 £ m	2019 (unaudited) £ m
<b>Deferred taxation</b>		
Arising from Pre - trading expenses	(0.1)	-

#### Deferred tax

Deferred tax movement during the year:

	At 1 April 2019 (unaudited) £ m	Recognised in income £ m	At 31 March 2020 £ m
Pre - trading expenses	-	0.1	0.1

Deferred tax movement during the prior year:

	At 20 October 2017 (unaudited) £ m	At 31 March 2019 (unaudited) £ m
Pre - trading expenses	-	-

The UK Budget 2021 announcements on 3 March 2021, after the balance sheet date, included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end.

#### 7 Creditors

##### *Amounts falling due after more than one year*

The amounts disclosed in the balance sheet as owed to related parties and falling due after more than one year are in respect of amounts advanced to the company by its ultimate parent SSE plc. Interest is charged at 5.06% (2019 (unaudited): 4.98%). There is no fixed repayment term for the amounts disclosed as owed to related parties and it has been confirmed by SSE plc that the amounts will not be called upon within the next twelve months.

## Forbury Assets Limited

### Notes to the Financial Statements for the Year from 1 March 2019 to 31 March 2020 (continued)

#### 8 Share capital

##### Allotted, called up and fully paid shares

	31 March 2020		31 March 2019 (unaudited)	
	No.	£	No.	£
Ordinary shares of £1 each	1	1	1	1

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#### 9 Parent and ultimate parent undertaking

##### Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is SSE plc, incorporated in Scotland. The consolidated financial statements of the Group (which include the Company) are available from the Company Secretary, SSE plc, Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ or by accessing the parent company's website at [www.sse.com](http://www.sse.com).

The address of SSE plc is:

Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ

#### 10 Events after the Reporting Date

The entity started trading post year end with the licence to operate the network awarded on the 8th April 2020 and network operations commencing in July 2020.