

UTILITY DISTRIBUTION NETWORKS LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017
REGISTERED NO: 10068882

Utility Distribution Networks Ltd

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Utility Distribution Networks Ltd

Strategic report For the period ended 31 March 2017

The Directors present the strategic report of Utility Distribution Networks Ltd for the period ended 31 March 2017. Utility Distribution Networks Ltd was incorporated on 17 March 2016.

Principal activities

The Company's principal activity is the provision of network services to energy suppliers and other end-users. This is not anticipated to change in the near future.

Business review

Utility Distribution Networks Ltd does not currently undertake regular trade, however, this is anticipated to increase in the near future.

Financial risk management

Going forward the Company may be exposed to a variety of financial risks that include liquidity risk, credit risk and price risk, however, conservative treasury policies are operated. For full details please refer to the Annual Report and Accounts of Energy Assets Financing Limited for the period ended 31 March 2017.

Principal risks and uncertainties

Going forward, the management of the business and the execution of the Company's strategy will be subject to a number of risks and uncertainties including competition from other suppliers, changes in government policy and reliance on a limited number of energy suppliers for whom services are provided. For full details please refer to the Annual Report and Accounts of Energy Assets Financing Limited for the period ended 31 March 2017.

Future developments

The Directors continue their active discussions regarding potential new business with utility suppliers, other market participants and end user consumers.

The strategic report was approved by the board and signed on its behalf by:



John McMorrow
Chief Financial Officer
31 August 2017

Utility Distribution Networks Ltd

Directors' report For the period ended 31 March 2017

The Directors present their report and the audited financial statements of Utility Distribution Networks Ltd for the period ended 31 March 2017.

Results, dividends and future developments

The results for the period to 31 March 2017 are set out in the statement of comprehensive income on page 8 and have been discussed alongside the future developments of the Company in the Strategic Report on page 2. The directors do not propose a dividend.

Directors

The directors who held office during the period and up to the date of signing of the financial statements are:

D Edgar (appointed 17 March 2016)
S Phipps (appointed 17 March 2016, resigned 5 May 2017)
A Garcia (appointed 17 March 2016, resigned 5 May 2017)
P Bellamy-Lee (appointed 5 May 2017)
C Lynch (appointed 5 May 2017)
J McMorrow (appointed 5 May 2017)

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force.

Going concern

The Directors have reviewed the financial projections of the Company for a period of 12 months from the date of this report which shows that the Company will be able to generate sufficient cash flows in order to meet its liabilities as they fall due. Accordingly, the Directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements.

Subsequent events

Following the period end, in May 2017, the Company was acquired by Energy Assets Limited.

There have been no other events which have taken place after the balance sheet date but before the date of signing which are considered to give significant and further information relevant to these financial statements.

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Directors' report For the period ended 31 March 2017 (continued)

Statement of directors' responsibilities

The Directors are responsible for preparing the Strategic Report, 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 period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" 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;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements ;
- make judgements and accounting estimates that are reasonable and prudent; 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.

Disclosure of information to auditors

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all steps necessary to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Pursuant to a shareholder's resolution, the Company is not obliged to re-appoint its auditors annually and PricewaterhouseCoopers LLP will therefore continue in office. As at the date of these financial statements the Directors are not aware of any resolution to terminate the appointment of the auditors.

The directors' report was approved by the board and signed on its behalf by:



John McMorro
Chief Financial Officer
31 August 2017

Utility Distribution Networks Ltd

Independent auditors' report to the members of Utility Distribution Networks Ltd

Report on the financial statements

Our opinion

In our opinion, Utility Distribution Networks Ltd's financial statements (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 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.

What we have audited

The financial statements, included within the Directors' Report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 March 2017;
- the statement of comprehensive income for the period then ended;
- the statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial period 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 addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Utility Distribution Networks Ltd

Independent auditors' report to the members of Utility Distribution Network Ltd (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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 & Ireland) (ISAs (UK & Ireland)). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK and Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

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Independent auditors' report to the members of Utility Distribution Networks Ltd (continued)

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Paul Cheshire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
31 August 2017

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Statement of comprehensive income For the period ended 31 March 2017

	Note	2017 £'000
Administrative expenses		<u>(87)</u>
Loss on ordinary activities before taxation	4	(87)
Tax on loss on ordinary activities	5	13
Loss for the financial period	10	<u>(74)</u>

All operations are continuing operations.

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial period stated above and their historical cost equivalents.

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

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Balance sheet As at 31 March 2017

	Note	2017 £'000
Fixed assets		
Intangible assets	6	<u>348</u>
		348
Current assets		
Deferred tax asset	7	13
Trade and other receivables	8	<u>118</u>
		131
Creditors – amounts falling due within one year	9	(553)
Net current liabilities		<u>(422)</u>
Net liabilities		<u>(74)</u>
Share capital and reserves		
Share capital	10	-
Accumulated losses	11	<u>(74)</u>
Total shareholder's deficit		<u>(74)</u>

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

The financial statements on pages 8 to 16 were approved by the Board of Directors on 31 August 2017 and were signed on its behalf by:



John McMorrow
Chief Financial Officer



Phil Bellamy-Lee
Chief Executive Officer

Utility Distribution Networks Limited
Registered number: 10068882

Utility Distribution Networks Ltd

Statement of changes in equity For the period ended 31 March 2017

	Share capital £'000	Accumulated losses £'000	TOTAL £'000
At 17 March 2016	-	-	-
Loss for the period	-	(74)	(74)
Total comprehensive expense for the period	-	(74)	(74)
At 31 March 2017	-	(74)	(74)

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

Notes to the financial statements For the period ended 31 March 2017

1) General information

Utility Distribution Networks Ltd provides network services to energy suppliers and other end-users.

Utility Distribution Networks Ltd is a private limited company incorporated on 17 March 2016 in the United Kingdom, where it is domiciled. Copies of these financial statements are available from the registered office at Ship Canal House, 98 King Street, Manchester, M2 4WU.

2) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the period unless otherwise stated.

Basis of preparation

The financial statements of Utility Distribution Networks Ltd have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

The financial statements have been prepared under the historical cost convention, as modified by financial assets and liabilities (including derivative instruments) at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IAS 1 *Presentation of financial statements* paragraph 10(d) (statement of cashflows);
- IAS 1 *Presentation of financial statements* paragraph 16 (statement of compliance with IFRS);
- IAS 1 *Presentation of financial statements* paragraph 38A (requirement for a minimum of two primary statements, including cash flow statements);
- IAS 1 *Presentation of financial statements* paragraph 38B-D (additional comparative information);
- IAS 1 *Presentation of financial statements* paragraph 111 (cash flow statement information);
- IAS 1 *Presentation of financial statements* paragraph 134-136 (capital management disclosures);
- IAS 7 *Statement of cashflows*;
- IAS 8 *Accounting policies, changes in accounting estimates and errors* paragraph 30 and 31 (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- IAS 24 *Related party disclosures* with regard to the requirements to disclose related party transactions entered into between two or more members of a Group; and
- IFRS 7 *Financial instruments: Disclosures*.

Notes to the financial statements For the period ended 31 March 2017 (continued)

2) Summary of significant accounting policies (continued)

Going concern

The Directors have reviewed the forecasts and financial projections of the Company for a period of 12 months from the date of this report which shows that the Company has adequate resources and will be able to generate sufficient cash flows in order to meet its liabilities as they fall due. Accordingly, the Directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements.

New standards, amendments and IFRIC interpretations

No new accounting standards, amendments to accounting standards or IFRIC interpretations that are effective for the period ended 31 March 2017 have had a material impact on the Company.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate where the effect is material.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is charged or credited directly to other comprehensive income or equity if it relates to items that are credited or charged to equity. Otherwise tax is recognised in the income statement.

The current income tax charge is measured based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Current tax assets or liabilities on the balance sheet are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is measured, on an undiscounted basis, using tax rates and laws that are enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred income tax assets and liabilities are presented net only if there is a legally enforceable right to set off current tax assets against current tax liabilities and if the deferred income tax assets and

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liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the financial statements For the period ended 31 March 2017 (continued)

2) Summary of significant accounting policies (continued)

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3) Critical accounting estimates and judgements

In the process of applying the Company's accounting policies, management has used its judgement and made estimates and assumptions in determining the amounts recognised in the financial statements. These estimates and assumptions can affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of non-current assets

Annual assessment of the carrying value of non-current assets and the potential for impairment of these amounts is required. This exercise was undertaken at the period end with a review of the business plans of the company undertaken. Subsequently it was deemed that no impairment to the carrying value of these amounts is required.

4) Loss on ordinary activities before taxation

The Directors do not receive any remuneration for the services they provide to the Company.

The Company had no employees. All employee costs are paid by Dragon Infrastructure Solutions Limited, an associated company, and recharged accordingly.

Auditors' remuneration is borne by Energy Assets Group Limited, an intermediate parent company. The audit fee attributed to this Company for the current period was £2,500.

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Notes to the financial statements For the period ended 31 March 2017 (continued)

5) Tax on profit on ordinary activities

	2017 £'000
Analysis of charge in the period	
Current tax	-
Deferred tax	13
Tax credit on profit on ordinary activities	13

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the entity as follows:

	2017 £'000
Loss on ordinary activities before taxation	(87)
Tax calculated at domestic tax rate applicable to profits (20%)	17
Effects of:	
Expenses not deductible	(3)
Tax rate changes	(1)
Total tax credit for the period	13

Factors affecting current and future tax charges/credits

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

6) Intangible assets

	Product design £'000
Cost	
At 17 March 2016	-
Additions	348
At 31 March 2017	348
Accumulated amortisation	
At 17 March 2016 and 31 March 2017	-
Net book value	
At 31 March 2017	348

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Notes to the financial statements For the period ended 31 March 2017 (continued)

7) Deferred tax

The analysis of deferred tax assets is as follows:

	2017 £'000
Deferred tax assets:	
Deferred tax asset to be recovered after more than 12 months	13
Net deferred tax assets	13

The movement in deferred income tax assets during the period is as follows:

	Losses £'000
At 17 March 2016	-
Credited to the income statement	13
At 31 March 2017	13

Deferred tax assets have not been discounted.

8) Trade and other receivables

	2017 £'000
Prepayments	28
Tax and social security	90
	118

9) Creditors – amounts falling due within one year

	2017 £'000
Trade creditors	177
Accruals	1
Amounts owed to associated undertakings	375
	553

Amounts owed to associated undertakings are unsecured, interest free and are repayable on demand.

10) Share capital

	2017 £'000
Allotted and fully paid	
20 ordinary shares of £1 each	-

All shares rank pari passu in all respects.

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Notes to the financial statements For the period ended 31 March 2017 (continued)

11) Accumulated losses

	Accumulated losses £'000
At 17 March 2016	-
Loss for the financial period	(74)
At 31 March 2017	(74)

12) Ultimate parent undertaking

At 31 March 2017, Mr S Phipps, Mrs L Phipps and Mrs D Edgar had ultimate control of the company by virtue of their shareholdings.

Following the period end, in May 2017, the Company was acquired by Energy Assets Limited. From this date, the ultimate parent company will become Euston Luxco S.a.r.l.