

Registered number
03958461

Utility Grid Installations Limited

Annual Report and Financial Statements
For the year ended
31 December 2015

FRIDAY



A5BRR1QI

A11

22/07/2016

#10

COMPANIES HOUSE

Utility Grid Installations Limited
Report and financial statements
Contents

	Page
Company information	1
Strategic report	2
Directors' report	4
Independent auditor's report	6
Income statement	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10

Utility Grid Installations Limited Company Information

Directors

C Linsdell
D Corney

Secretary

C Mumford

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

Registered office

Energy House
Woolpit Business Park
Windmill Avenue
Woolpit
Bury St Edmunds
Suffolk
IP30 9UP

Registered number

03958461

Utility Grid Installations Limited Strategic Report

The Directors present their strategic report, annual report and audited financial statements for the year ended 31 December 2015. The Directors in preparing this Strategic report, have complied with S414C of the Companies Act 2006.

Principal activities

The principal activity of the Company is the build out of gas distribution networks to housing and industrial developments for adoption by a fellow group undertaking. The Company does not own completed distribution networks.

Principal risks and uncertainties

The Company is part of the Brookfield Utilities UK Group "BUUK Group". The principal risks and uncertainties facing the "BUUK Group" and the entity are:

Regulatory

The Group operates in stable and transparent regulated utility markets in the UK. The Group is not aware of any proposed changes impacting the existing regulatory frameworks in which it operates. Any such change could have either a positive or negative impact on our future business prospects.

Health, Safety and Environmental

The Group operates a comprehensive Health, Safety and Environmental framework to ensure that, as far as possible, it eliminates risk to its employees, customers and the environment. The Group has an excellent track record in this regard and has culturally aligned itself to continually improve its performance in this area.

Liquidity and Interest Rates

The Group has a policy of seeking to have a number of sources of funds at any given time to meet its liquidity needs, as well as maintaining a balanced maturity profile to minimise, as far as possible, peaked repayments and refinancing risk. Debt facilities are arranged with appropriate financial and operating covenants, ensuring that management has the necessary flexibility in the operation of its business.

Results and review of the business

The Company made a profit during the year of £431,247 (2014 - loss of £51,229) mainly due to profit on the sale of network assets along with an increase in intercompany interest receivable by the Company. At the year-end the Company had net assets of £400,951 (2014: net liabilities of £30,296). The Company is primarily financed by intercompany loan facilities and has received assurances that these balances will not be recalled within 12 months of the date of this report, unless the Company is in a position to do so.

The Company operates as part of the Brookfield Utilities UK Group (The Group) and the Directors of the group do not consider individual entities in the group to have individual key performance indicators (KPI's). The Group's results are considered as a whole, and details of the performance can be found in the consolidated group accounts prepared by Brookfield Utilities UK No2 Limited.

Social, environmental and ethical policy

The Company is a member of the Brookfield Utilities UK Group of Companies and accordingly adheres to the Group's Social, Environmental and Ethical Policy.

The Group recognises that its business activities and practices, and those of its suppliers, may have an impact on its employees, society and the environment. As such the Group has developed its own policies and procedures to ensure compliance with these matters. The Group expects all employees and its suppliers to work to that Code, which as a minimum standard requires compliance with any relevant international and national, legal or regulatory framework. In addition, the Group has maintained registration of ISO 14001 environmental accreditation.

Utility Grid Installations Limited Strategic Report

Health and Safety

The Directors are committed to achieving high standards of health and safety in the Group's business activities for employees and customers alike. Policies and procedures are established to maintain continued provision of safe and healthy working conditions compliant with statutory requirements and appropriate codes of practice.

Equal Opportunities

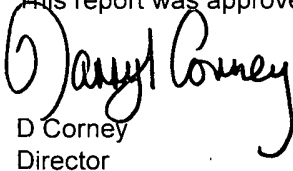
A fair and equal opportunities culture is operated throughout the Group. Employment opportunities, whether in the recruitment, training or promotion of employees, are granted on merit irrespective of race, colour, religion, national origin, age, gender, disability or sexual orientation.

Full consideration and equal opportunities are given to employment applications from disabled persons with due regard to the requirements of the job. Where existing employees become disabled every effort is made to provide opportunities for continued employment within the Group supported with training and development as appropriate.

Employee Involvement

The Directors recognise the integral importance of their employees in achieving Group success. Employee involvement in the development of the business is encouraged through an open and honest working environment, effective communication of business objectives and performance and actively seeking the opinions and concerns of the wider business team.

This report was approved by the board on 12 July 2016 and signed on its behalf.


D Corney
Director

Utility Grid Installations Limited
Registered number: 03958461
Directors' Report

The Directors present their annual report and financial statements for the year ended 31 December 2015.

Dividends

The Directors do not recommend the payment of a final dividend (2014 - £nil).

Directors

The following persons served as Directors during the year and to the date of this report:

C Linsdell
D Corney

Directors' indemnities

The Company has Directors' and Officers' liability insurance to provide against liability in respect of proceedings brought forward by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and 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 in 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 year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue to adopt the going concern basis in preparing the annual report and financial statements. Further details regarding the adoption of the going concern basis can be found in Note 1 of the financial statements.

Utility Grid Installations Limited

Registered number: 03958461

Directors' Report

Auditor

Deloitte LLP has indicated its willingness to continue in office and a resolution to reappoint them as the Company's auditor will be put to the forthcoming Annual General Meeting.

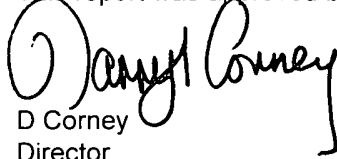
Disclosure of information to auditor

Each person who was a Director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a Director in order to make himself 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.

This report was approved by the board on 12 July 2016 and signed on its behalf.


D Corney
Director

Utility Grid Installations Limited
Independent auditor's report
to the members of Utility Grid Installations Limited

We have audited the financial statements of Utility Grid Installations Limited for the year ended 31 December 2015 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on 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 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

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.



Simon Grant ACA
(Senior Statutory Auditor)
for and on behalf of
Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

13 July 2016

Utility Grid Installations Limited
Income Statement
for the year ended 31 December 2015

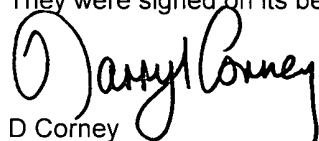
	Notes	2015 £	2014 £
Administrative expenses		-	1,577
Operating profit	2	-	1,577
Exceptional income/(costs)	4	532,416	(29,328)
Interest receivable	5	656,666	609,422
Interest payable	6	(677,451)	(638,898)
Profit/(loss) on ordinary activities before taxation		511,631	(57,227)
Tax on profit/(loss) on ordinary activities	7	(80,384)	5,998
Profit/(loss) for the financial year		431,247	(51,229)

All activities derive from continuing operations.

Utility Grid Installations Limited
Statement of Financial Position
as at 31 December 2015

	Notes	2015 £	2014 £
Current assets			
Stocks	8	-	358,648
Debtors	9	12,263,624	11,612,956
Cash at bank and in hand		-	300
		<u>12,263,624</u>	<u>11,971,904</u>
Creditors: amounts falling due within one year	10	(11,862,673)	(12,002,200)
Net current assets/(liabilities)		<u>400,951</u>	<u>(30,296)</u>
Total assets less current liabilities		<u>400,951</u>	<u>(30,296)</u>
Net assets/(liabilities)		<u>400,951</u>	<u>(30,296)</u>
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account	12	400,950	(30,297)
Total equity		<u>400,951</u>	<u>(30,296)</u>

The financial statements of Utility Grid Installations Limited, registered number 03958461, were approved by the Board of Directors and authorised for issue on: *12 July 2016*
They were signed on its behalf by:


D Corney
Director

Utility Grid Installations Limited
Statement of Changes in Equity
31 December 2015

	Share capital £	Profit and loss account £	Total £
At 1 January 2014	1	20,932	20,933
Loss for the financial year	-	(51,229)	(51,229)
At 31 December 2014	<u>1</u>	<u>(30,297)</u>	<u>(30,296)</u>
At 1 January 2015	1	(30,297)	(30,296)
Profit for the financial year	-	431,247	431,247
At 31 December 2015	<u>1</u>	<u>400,950</u>	<u>400,951</u>

Utility Grid Installations Limited
Notes to the Accounts
for the year ended 31 December 2015

1 Summary of significant accounting policies

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 FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 is 1 January 2014.

On transition no changes to accounting policy or transitional adjustments have been identified which affect the financial position and financial performance reported in the previous financial statements. Accordingly no amendments have been made to the financial position previously reported at 31 December 2014.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to members of a group where consolidated financial statements are publicly available. Exemptions have been taken in relation to the presentation of a cash flow statement and remuneration of key management personnel.

Going Concern

The Company forms part of the Group known as Brookfield Utilities UK ("BUUK", the "Group") of which the ultimate parent undertaking is Brookfield Infrastructure Partners L.P. BUUK had its investment grade rating from Moody's reaffirmed on 24 September 2015. At 31 December 2015 the Group had the following long term funding:

- Senior Secured Loan notes denominated in GBP (£600 million) and US\$ (US\$300 million). The loan notes are privately placed and have maturity dates ranging from 2023 to 2035. The loan notes are fully drawn down and incur a fixed rate of interest. Cross currency interest rate swaps have been taken out to fix the US\$ denominated interest and capital repayments.
- Bank facilities with a syndicate of banks. In total the Group has facilities of £200 million. As at 31 December 2015 £160.5 million of the facilities remained undrawn. The facilities mature in 2020. Interest is paid on a margin above LIBOR.
- Convertible Loan Notes redeemable in 2044 of £158.5 million.

The Group is required to comply with certain financial covenants on a quarterly basis in compliance with the bank and senior loan note facilities agreement and expects to continue to do so for the foreseeable future.

The Group is cash generative and has access to sufficient funds to continue in operational existence for the foreseeable future and therefore adopts the going concern basis in preparing its financial statements.

All Companies within the BUUK Group have given assurances that intercompany loans in existence at the Statement of Financial Position date will not be recalled within a period of one year from the date of signing of the financial statements, unless a Company is in a position to make repayment. The Company's forecasts, taking into account reasonable possible changes in trading performance to December 2020, show that the Company should have adequate resources to continue in operational existence for the foreseeable future. Therefore, the Directors have a reasonable expectation that the Company can continue to meet its liabilities as they fall due, for a period of at least 12 months from the date of this annual report. Accordingly, they have prepared the financial statements on the going concern basis.

Stock and work in progress

Work in progress is stated at the lower of cost, which includes an appropriate element of production overhead costs, and net realisable value.

Utility Grid Installations Limited
Notes to the Accounts
for the year ended 31 December 2015

1 Summary of significant accounting policies (continued)

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

Current and deferred tax assets and liabilities are not discounted.

2 Operating profit

Audit fees of £7,100 (2014: £5,560) were borne by another Group company during the year on behalf of the Company.

3 Directors' emoluments and staff costs

The Directors received no emoluments in the year (2014: £nil). The Directors are Directors/employees of other Group Companies and the services that they provide to the Company are considered ancillary to the services that they provide to those other Group Companies. The Company had no employees during the year with all administrative tasks undertaken by employees of fellow group undertakings.

Utility Grid Installations Limited
Notes to the Accounts
for the year ended 31 December 2015

4 Exceptional income/(costs)

During the year the Company recognised exceptional income of £532,416 (2014: costs of £29,328). The exceptional income in the current year has resulted from the re-assessment of work in progress and capital creditor balances on all of the Company's projects. The Directors have recognised the income in the current year because it is impracticable to determine the period specific effects of this re-assessment. The effect dates back over a number of years for which accurate information is not available.

5 Interest receivable	2015	2014
	£	£
Interest receivable from fellow subsidiary undertakings	<u>656,666</u>	<u>609,422</u>

6 Interest payable	2015	2014
	£	£
Interest payable to immediate parent undertaking	<u>677,451</u>	<u>638,898</u>

7 Taxation	2015	2014
	£	£
Analysis of credit in year		
Current tax:		
Group relief with respect to the current year	103,605	(5,998)
Adjustments in respect of previous periods	<u>(23,221)</u>	<u>-</u>
	<u>80,384</u>	<u>(5,998)</u>
Tax on profit/(loss) on ordinary activities	<u>80,384</u>	<u>(5,998)</u>

Factors affecting tax charge for year

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:

	2015	2014
	£	£
Profit/(loss) on ordinary activities before tax	<u>511,631</u>	<u>(57,227)</u>
Standard rate of corporation tax in the UK	20.25%	21.50%
	£	£
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax	103,605	(12,304)
Effects of:		
Expenses not deductible for tax purposes	-	6,306
Adjustments to tax charge in respect of previous periods	<u>(23,221)</u>	<u>-</u>
Tax credit for year	<u>80,384</u>	<u>(5,998)</u>

Utility Grid Installations Limited
Notes to the Accounts
for the year ended 31 December 2015

7 Taxation (continued)

Factors that may affect future tax charges

The Finance Act 2013, which provides for a reduction in the main rate of corporation tax from 21% to 20% effective from 1 April 2015, was substantively enacted on 3 July 2013.

Reductions in the corporation tax rate to 19% from 1 April 2019 and 18% from 1 April 2020 were substantively enacted on 26 October 2015. Consequently deferred tax has been calculated at the year end using a tax rate of 18%.

The Company has no unrecognised deferred tax assets or liabilities as at 31 December 2015 (2014: £nil).

8 Stocks	2015	2014
	£	£
Work in progress	-	358,648

9 Debtors	2015	2014
	£	£
Amounts owed by immediate parent company	864,479	870,477
Amounts owed by fellow subsidiary undertakings	11,399,145	10,742,479
	<u>12,263,624</u>	<u>11,612,956</u>

Amounts owed by fellow subsidiary undertakings bear interest at 6.3% (2014: 6.3%), are unsecured and repayable on demand.

Amounts owed by the immediate parent undertaking are non-interest bearing, unsecured and repayable on demand.

10 Creditors: amounts falling due within one year	2015	2014
	£	£
Amounts owed to immediate parent company interest bearing	11,307,376	10,668,323
Amounts owed to fellow subsidiary undertakings non-interest bearing	126,084	22,479
Other creditors	429,213	1,311,398
	<u>11,862,673</u>	<u>12,002,200</u>

Amounts owed to the immediate parent undertaking bear interest at 6.3% (2014: 6.3%). All amounts owed by group undertakings are unsecured and repayable on demand.

11 Share capital	Nominal value	2015 Number	2015	2014
			£	£
Allotted, called up and fully paid:				
Ordinary shares	£1 each	1	<u>1</u>	<u>1</u>

Utility Grid Installations Limited
Notes to the Accounts
for the year ended 31 December 2015

12 Profit and loss account	2015	2014
	£	£
At 1 January	(30,297)	20,932
Profit/(loss) for the financial year	431,247	(51,229)
At 31 December	<u>400,950</u>	<u>(30,297)</u>

13 Related party transactions

The Company has taken advantage of the exemption provided by FRS 102 paragraph 33.1A not to disclose transactions with other wholly-owned Group undertakings.

The Company has taken advantage of the exemption provided by FRS 102 paragraph 1.12 (e) not to disclose key management personnel compensation.

14 Controlling party

The Company's immediate parent undertaking is The Gas Transportation Company Ltd, a Company incorporated in Guernsey. The Company's ultimate parent undertaking and controlling party is Brookfield Infrastructure Partners L.P., which is registered in Bermuda.

The smallest Group of which the Company is a member and for which Group financial statements are prepared is Brookfield Utilities UK No 2 Limited, a Company registered in England and Wales. The largest Group the Company is a member and for which Group financial statements are prepared is Brookfield Infrastructure Partners L.P.

Brookfield Infrastructure Partners L.P.'s financial statements can be obtained from: Brookfield Infrastructure Partners L.P., Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda.

15 Presentation currency

The financial statements are presented in Sterling, which is also the functional currency.

16 Legal form of entity and country of incorporation

Utility Grid Installations Limited is a limited company incorporated in England & Wales.

17 Principal place of business

The address of the Company's principal place of business and registered office is:

Energy House
Woolpit Business Park
Windmill Avenue
Woolpit
Bury St Edmunds
Suffolk
IP30 9UP