

Registration number: 05041663

# Independent Meters Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



## **Independent Meters Limited**

### **Contents**

|                                   |          |
|-----------------------------------|----------|
| Company Information               | 1        |
| Strategic Report                  | 2 to 4   |
| Directors' Report                 | 5 to 6   |
| Independent Auditor's Report      | 7 to 9   |
| Income Statement                  | 10       |
| Statement of Financial Position   | 11       |
| Statement of Changes in Equity    | 12       |
| Notes to the Financial Statements | 13 to 21 |

## **Independent Meters Limited**

### **Company Information**

|                          |                                                                                             |
|--------------------------|---------------------------------------------------------------------------------------------|
| <b>Directors</b>         | C Linsdell<br>D Corney                                                                      |
| <b>Company secretary</b> | C Mumford                                                                                   |
| <b>Registered office</b> | Synergy House<br>Woolpit Business Park<br>Woolpit<br>Bury St Edmunds<br>Suffolk<br>IP30 9UP |
| <b>Auditors</b>          | Deloitte LLP<br>Statutory Auditor<br>London<br>United Kingdom                               |

## **Independent Meters Limited**

### **Strategic Report for the Year Ended 31 December 2019**

The Directors present their Strategic Report, annual report and audited financial statements for the year ended 31 December 2019. The Directors, in preparing this Strategic Report, have complied with s414c of the Companies Act, 2006.

#### **Principal activity**

The principal activity of the Company is the ownership and operation of meters in connection with utility network services in the UK.

#### **Fair review of the business**

The profit for the year, after taxation, amounted to £3,813,480 (2018: profit of £3,594,475). At the year-end the Company had net assets of £13,614,286 (2018: net assets of £9,800,806).

The Company operates as part of the BUUK Infrastructure Group ('BUUK', the 'Group') and the Directors of the Group do not consider individual entities in the Group to have individual key performance indicators (KPIs). The Group's results are considered as a whole, and details of the performance can be found in the consolidated group financial statements prepared by BUUK Infrastructure No 2 Limited.

#### **Principal risks and uncertainties**

The Company is part of the BUUK Infrastructure Group, owned by BUUK Infrastructure No 1 Limited. The principal risks and uncertainties facing the 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. The majority of the Group's existing debt has an unexpired term exceeding 10 years and is subject to a fixed interest rate.

##### *Cash flow risk*

The Group uses derivative financial instruments to manage certain exposures to fluctuations in interest rates, inflation rates and exchange rates. The Group does not hold any speculative financial instruments.

##### *Credit risk*

Whilst the Group is dependent on a number of large customers, the credit risk from the failure of those customers is limited by regulatory regimes. The Group takes appropriate measures to reduce credit risk to a manageable level and has strict procedures to manage credit risk relating to trade receivables.

## Independent Meters Limited

### Strategic Report for the Year Ended 31 December 2019 (continued)

#### Principal risks and uncertainties (continued)

##### COVID-19

The Directors have considered the expected impact of COVID-19 on future periods. As a company which owns and operates meters in connection with utility network services within the BUUK Group, the potential impact of Covid-19 on the Company is considered the same as for the Group as a whole.

As at the date of the approval of this report the Group had £350m of undrawn committed facilities, of which £123.0m is available for general corporate purposes and £227.0m is linked to future capital expenditure. This availability of facilities, combined with the nature of the Group's activities, as discussed below, has led the Directors to the conclusion that it is unlikely the Group would be unable to meet its obligations as they fall due. The Group's business model and financing structure are resilient and there is a strong order book in place for the provision of new connections in the future.

The Group's core business activity is the ownership and operation of infrastructure assets, supplying essential services of gas, electricity, water and fibre. The transportation revenues from this activity are highly stable and predictable and are currently underpinned by a supportive regulatory framework. These revenues are expected to remain stable and continue to generate positive cash flows.

Additionally, BUUK undertakes the construction of new infrastructure assets to be owned and operated by the Group. Construction activity levels are reduced as at the date of signing these financial statements due to the suspension of works by some housebuilders on some new housing sites. The reduction in available work does not negatively impact the Group's cash flows in the short term as construction spend relating to the postponement of infrastructure installations reduces in line. It will however reduce the number of new connections the Group is expecting to complete in 2020. The Directors are committed to ensuring BUUK retains the resources necessary to resume previous levels of construction activity once it is practical and safe to do so.

The Directors note the UK Government has set out a package of temporary measures to support UK businesses:

- A Coronavirus Job Retention Scheme:
  - employees will be designated as 'furloughed workers' and notified if applicable
  - Information about furloughed workers will need to be provided to HMRC
  - HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month
- Deferring VAT and Income Tax payments
- A new lending facility from the Bank of England to help support liquidity among larger firms, helping them bridge coronavirus disruption to their cash flows through loans
- The HMRC Time To Pay Scheme

## Independent Meters Limited

### Strategic Report for the Year Ended 31 December 2019 (continued)

The Directors intend to utilise these temporary support measures as and when necessary, in conjunction with other temporary measures, to ensure jobs are protected and the Group is well positioned to return to normal when possible. The Group will continue to invest in the future of its staff even during periods of unproductivity by ensuring training is undertaken where possible.

The Directors have also undertaken a series of stress test financial models at group level over the impact of Covid-19. The key uncertainty and area of judgement in this modelling is construction activity levels. BUUK has based its assumptions on a reference scenario published by the UK Government's independent forecaster, the Office for Budget Responsibility ("OBR") on 14 April 2020, evidence from operations undertaken by the Group and detailed understanding of the industry. Under the OBR scenario and all other reasonably possible scenarios, the Group can continue to meet its obligations as they fall due. Further details of this can be found in the Going Concern section of note 2.

#### **Social, environmental and ethical policy**

The Company is a member of the BUUK Infrastructure 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.

#### **Health and safety**

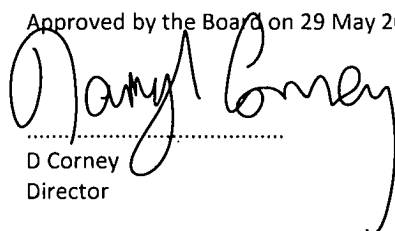
The Directors are committed to achieving high standards of health and safety in the Group's business activities for employees and customers alike. Policies and procedures are established to maintain continued provision of safe and healthy working conditions compliant with statutory requirements and appropriate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

Approved by the Board on 29 May 2020 and signed on its behalf by:

  
.....  
D Corney  
Director

## **Independent Meters Limited**

### **Directors' Report for the Year Ended 31 December 2019**

The Directors present their report and the financial statements for the year ended 31 December 2019.

Principal risks and uncertainties are discussed within the Strategic Report.

#### **Directors of the Company**

The Directors who held office during the year and to the date of this report, unless stated otherwise, were as follows:

C Linsdell

D Corney

#### **Dividends**

The Directors do not recommend the payment of a final dividend (2018: £Nil).

#### **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. In April 2019 the Group was recognised as a 'Best Super Large Workplace' by Great Places to Work which reflects the Group's commitment to the importance of its employees.

#### **Future developments**

The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year. The Directors are satisfied that the Company is well placed to continue to perform satisfactorily during the coming year.

#### **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. The directors have received assurances that the company will have access to the BUUK Group's financial resources for a period of at least one year from the date of signing of the financial statements, that companies in the BUUK Group will not demand repayment of any inter-company debt where the company does not have the financial resources to effect such payment, and that this financial support will be sufficient for the company to continue to trade and meet its obligations as they fall due.

Further details regarding the adoption of the going concern basis can be found in Note 2 of the financial statements.

#### **Directors' liabilities**

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.

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

Each Director has taken 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 auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

## Independent Meters Limited

### Directors' Report for the Year Ended 31 December 2019 (continued)

#### Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard Applicable 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 period. In preparing these financial statements, the Directors are required to:

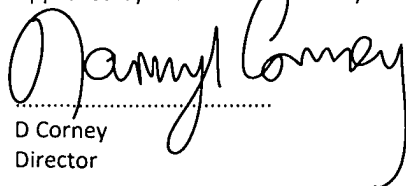
- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

#### Reappointment of auditors

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.

Approved by the Board on 29 May 2020 and signed on its behalf by:

  
D Corney  
Director



## **Independent Meters Limited**

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

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Independent Meters Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in 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 at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

## **Independent Meters Limited**

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

#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

## **Independent Meters Limited**

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

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

#### **Use of our report**

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



Andrew Lowes (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

29 May 2020

## Independent Meters Limited

### Income Statement for the Year Ended 31 December 2019

|                                       | Note | 2019<br>£               | 2018<br>£               |
|---------------------------------------|------|-------------------------|-------------------------|
| Turnover                              |      | 7,261,829               | 7,275,663               |
| Cost of sales                         |      | <u>(1,577,546)</u>      | <u>(1,652,747)</u>      |
| Gross profit                          |      | 5,684,283               | 5,622,916               |
| Administrative expenses               |      | <u>(916,731)</u>        | <u>(937,391)</u>        |
| Operating profit                      | 3    | 4,767,552               | 4,685,525               |
| Interest payable and similar expenses | 4    | <u>(140,494)</u>        | <u>(372,320)</u>        |
| Profit before tax                     |      | 4,627,058               | 4,313,205               |
| Taxation                              | 7    | <u>(813,578)</u>        | <u>(718,730)</u>        |
| Profit for the financial year         |      | <u><u>3,813,480</u></u> | <u><u>3,594,475</u></u> |

The above results were derived from continuing operations.

No separate Statement of Comprehensive Income has been presented because the Company has no items of comprehensive income other than the profit for the financial year.

The notes on pages 13 to 21 form an integral part of these financial statements.

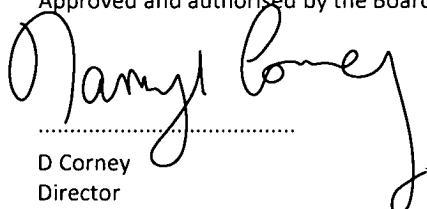
# Independent Meters Limited

(Registration number: 05041663)

## Statement of Financial Position as at 31 December 2019

|                                                       | Note | 2019<br>£         | 2018<br>£          |
|-------------------------------------------------------|------|-------------------|--------------------|
| <b>Fixed assets</b>                                   |      |                   |                    |
| Tangible assets                                       | 8    | 13,483,885        | 15,648,701         |
| <b>Current assets</b>                                 |      |                   |                    |
| Debtors                                               | 9    | 752,706           | 1,387,155          |
| <b>Creditors: Amounts falling due within one year</b> | 10   | <u>(622,305)</u>  | <u>(7,235,050)</u> |
| <b>Net current assets/(liabilities)</b>               |      | <u>130,401</u>    | <u>(5,847,895)</u> |
| <b>Net assets</b>                                     |      | <u>13,614,286</u> | <u>9,800,806</u>   |
| <b>Capital and reserves</b>                           |      |                   |                    |
| Called up share capital                               | 12   | 50,001            | 50,001             |
| Profit and loss account                               |      | <u>13,564,285</u> | <u>9,750,805</u>   |
| <b>Total equity</b>                                   |      | <u>13,614,286</u> | <u>9,800,806</u>   |

Approved and authorised by the Board on 29 May 2020 and signed on its behalf by:

  
 .....  
 D Corney  
 Director

The notes on pages 13 to 21 form an integral part of these financial statements.

## Independent Meters Limited

### Statement of Changes in Equity for the Year Ended 31 December 2019

|                     | Share capital<br>£ | Profit and loss<br>account<br>£ | Total<br>£       |
|---------------------|--------------------|---------------------------------|------------------|
| At 1 January 2018   | 50,001             | 6,156,330                       | 6,206,331        |
| Profit for the year | -                  | 3,594,475                       | 3,594,475        |
| At 31 December 2018 | <u>50,001</u>      | <u>9,750,805</u>                | <u>9,800,806</u> |

|                     | Share capital<br>£ | Profit and loss<br>account<br>£ | Total<br>£        |
|---------------------|--------------------|---------------------------------|-------------------|
| At 1 January 2019   | 50,001             | 9,750,805                       | 9,800,806         |
| Profit for the year | -                  | 3,813,480                       | 3,813,480         |
| At 31 December 2019 | <u>50,001</u>      | <u>13,564,285</u>               | <u>13,614,286</u> |

The notes on pages 13 to 21 form an integral part of these financial statements.

## **Independent Meters Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019**

#### **1 General information**

The company is a private company limited by share capital, incorporated in the United Kingdom and registered in England and Wales.

The address of its registered office and principal place of business is:

Synergy House  
Woolpit Business Park  
Woolpit  
Bury St Edmunds  
Suffolk  
IP30 9UP

These financial statements were authorised for issue by the Board on 29 May 2020.

#### **2 Accounting policies**

##### **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.

##### **Basis of preparation**

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

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

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, certain financial instruments and remuneration of key management personnel.

##### **Name of parent of group**

These financial statements are consolidated in the financial statements of BUUK Infrastructure No 2 Limited.

The financial statements of BUUK Infrastructure No 2 Limited may be obtained from Synergy House, Woolpit Business Park, Windmill Avenue, Woolpit, Bury St Edmunds, Suffolk, IP30 9UP.

## **Independent Meters Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

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

##### **Going concern**

The Company forms part of the Group headed by BUUK Infrastructure No 1 Limited ("BUUK") of which the ultimate parent undertaking is Brookfield Asset Management Inc. The funding required to finance the activities of BUUK's subsidiaries is organised and managed on a centralised basis on behalf of all members of the Group.

The Group is cash generative and holds a Baa2 (investment grade) rating from Moody's. The rating was reconfirmed by Moody's in May 2019. At the date of approval of the financial statements the Group has undrawn committed facilities of £350.0m with a syndicate of banks, of which £123.0m is available for general corporate purposes and £227.0m is linked to future capital expenditure. These facilities were renewed in 2019 and are due to expire on 18 September 2024.

The Group has Senior Secured Loan notes denominated in GBP (£1,185 million) and US\$ (US\$300 million). The loan notes incur a fixed rate of interest and cross currency interest rate swaps have been taken out to fix the US\$ denominated interest and capital repayments. The Group's borrowings have an average remaining maturity of c.11 years with maturity dates ranging from 2023 to 2048.

In light of the Covid-19 pandemic the Group has undertaken a series of stress test financial models to assess the Group's ability to meet obligations as they fall due for a period of at least 12 months from the date of this report. Based on existing financing facilities, the Group has sufficient cash available to meet its obligations under all reasonably possible scenarios modelled.

The most likely scenario modelled by the Group is in line with a reference scenario published by the UK Government's independent forecaster, the Office for Budget Responsibility ("OBR") on 14 April 2020. This models a reduction in construction activity of 70% in Q2 2020 before recovering later in the year. Under this scenario, and other reasonable downside scenarios, the Group remains compliant with all borrowing covenants in existence and has sufficient cash to meet its obligations. This includes an extreme, if unlikely, scenario of construction activity remaining suppressed at current, or only marginally increased, levels for a period of 12 months.

Further details of the Covid-19 measures undertaken can be found in the Strategic Report.

The directors have received assurances that the company will have access to the BUUK Group's financial resources for a period of at least one year from the date of signing of the financial statements, that companies in the BUUK Group will not demand repayment of any inter-company debt where the company does not have the financial resources to effect such payment, and that this financial support will be sufficient for the company to continue to trade and meet its obligations as they fall due. The Group's forecasts, taking into account reasonable possible changes in trading performance, show that the Company should have adequate resources to continue in operational existence for the foreseeable future.

Given the above, 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.



## **Independent Meters Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

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

##### **Judgements and key sources of estimation uncertainty**

The Directors consider the following to be critical judgements or key sources of estimation uncertainty that have been made in the process of applying the Company's accounting policies which have a significant effect on the amounts recognised in the financial statements.

The Directors consider the useful economic lives of tangible fixed assets to be a key source of estimation uncertainty. The useful economic lives are determined based on management's judgement and past experience. When management identifies that actual useful economic lives differ materially from the estimates used to calculate depreciation, the charge is adjusted for prospectively over the remaining useful lives of the assets.

##### **Revenue recognition**

Turnover represents the amounts receivable from the supply of goods and services during the year, net of Value Added Tax. Metering revenue is recognised when services are provided and are rendered based upon usage during that period.

All turnover and profit before taxation, by origin and destination, was attributable to the UK.

##### **Finance income and costs**

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be reliably measured. Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Interest costs are accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

##### **Tax**

The tax expense for the period comprises current and 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.

Current tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when 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.

Tax assets and liabilities are not discounted.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the underlying transaction.

## Independent Meters Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Accounting policies (continued)

##### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

##### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

| Asset class  | Depreciation method and rate |
|--------------|------------------------------|
| Meter assets | 20 years straight line       |

##### 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.

##### 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.

## Independent Meters Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 3 Operating profit

Arrived at after charging/(crediting)

|                                                   | 2019           | 2018           |
|---------------------------------------------------|----------------|----------------|
|                                                   | £              | £              |
| Depreciation expense                              | 1,577,508      | 1,652,747      |
| Loss on disposal of property, plant and equipment | <u>869,696</u> | <u>828,012</u> |

Fees for the audit of the financial statements of £11,300 (2018: £8,500) were borne by another Group company during the year on behalf of Independent Meters Limited.

#### 4 Interest payable and similar expenses

|                                                   | 2019           | 2018           |
|---------------------------------------------------|----------------|----------------|
|                                                   | £              | £              |
| Interest payable on loans from group undertakings | <u>140,494</u> | <u>372,320</u> |

#### 5 Staff costs

The Company had no employees during the year with all administrative tasks undertaken by employees of fellow Group undertakings.

#### 6 Directors' remuneration

The Directors received no emoluments in the year (2018: £nil) in respect of qualifying services. The Directors are 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.

## Independent Meters Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 7 Taxation

Tax charged/(credited) in the income statement

|                                                             | 2019<br>£             | 2018<br>£             |
|-------------------------------------------------------------|-----------------------|-----------------------|
| <b>Current taxation</b>                                     |                       |                       |
| UK corporation tax                                          | 267,140               | 78,426                |
| UK corporation tax adjustment to prior periods              | <u>(10,846)</u>       | <u>(194,812)</u>      |
|                                                             | <u>256,294</u>        | <u>(116,386)</u>      |
| <b>Deferred taxation</b>                                    |                       |                       |
| Arising from origination and reversal of timing differences | 547,580               | 663,074               |
| Adjustment in respect of previous period                    | <u>9,704</u>          | <u>172,042</u>        |
| Total deferred taxation                                     | <u>557,284</u>        | <u>835,116</u>        |
| Tax expense in the income statement                         | <u><u>813,578</u></u> | <u><u>718,730</u></u> |

The differences between the tax assessed for the period and the standard rate of corporation tax of 19% (2018: 19%) are reconciled below:

|                                                                 | 2019<br>£             | 2018<br>£             |
|-----------------------------------------------------------------|-----------------------|-----------------------|
| Profit before tax                                               | <u>4,627,058</u>      | <u>4,313,205</u>      |
| Corporation tax at standard rate                                | 879,141               | 819,509               |
| Decrease from effect of different UK tax rates on some earnings | (64,421)              | (78,009)              |
| Decrease in tax from adjustment for prior periods               | <u>(1,142)</u>        | <u>(22,770)</u>       |
| Total tax charge                                                | <u><u>813,578</u></u> | <u><u>718,730</u></u> |

#### Deferred tax

The Finance Act 2016, which was substantively enacted on 15 September 2016, provided for a further reduction in the main rate of corporation tax to 17% from 1 April 2020. Consequently deferred tax had been calculated at the year end using a tax rate of 17%. The Finance Bill 2020, which was substantively enacted in March 2020, provided for the main rate of corporation tax to remain at 19%. As a non-adjusting post-balance sheet event this does not impact the deferred tax position as at 31 December 2019; however in future periods deferred tax will be remeasured based on a tax rate of 19%.

The Company has no unrecognised deferred tax assets or liabilities at 31 December 2019 (2018: £nil).

## Independent Meters Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 8 Tangible assets

|                          | Meter assets<br>£  |
|--------------------------|--------------------|
| <b>Cost or valuation</b> |                    |
| At 1 January 2019        | 32,119,787         |
| Additions                | 282,388            |
| Disposals                | <u>(2,011,314)</u> |
| At 31 December 2019      | <u>30,390,861</u>  |
| <b>Depreciation</b>      |                    |
| At 1 January 2019        | 16,471,086         |
| Charge for the year      | 1,577,508          |
| Eliminated on disposal   | <u>(1,141,618)</u> |
| At 31 December 2019      | <u>16,906,976</u>  |
| <b>Carrying amount</b>   |                    |
| At 31 December 2019      | <u>13,483,885</u>  |
| At 31 December 2018      | <u>15,648,701</u>  |

#### 9 Debtors

|                     | 2019<br>£      | 2018<br>£        |
|---------------------|----------------|------------------|
| Accrued income      | 446,052        | 523,217          |
| Deferred tax assets | <u>306,654</u> | <u>863,938</u>   |
|                     | <u>752,706</u> | <u>1,387,155</u> |

## Independent Meters Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 10 Creditors

|                                   | 2019<br>£      | 2018<br>£        |
|-----------------------------------|----------------|------------------|
| <b>Due within one year</b>        |                |                  |
| Amounts due to group undertakings | <u>622,305</u> | <u>7,235,050</u> |

Included within amounts due to group undertakings are non-interest bearing amounts of £267,140 (2018: £18,172), which are unsecured and repayable on demand.

Interest bearing amounts due to group undertakings are unsecured and repayable on demand with interest charged at 3.54% (2018: 3.59% ).

#### 11 Deferred tax

|                                              | 2019<br>£        | 2018<br>£        |
|----------------------------------------------|------------------|------------------|
| Accelerated/(decelerated) capital allowances | <u>(306,654)</u> | <u>(863,938)</u> |

|                            | <b>Deferred tax</b><br>£ |
|----------------------------|--------------------------|
| At 1 January 2019          | (863,938)                |
| Decrease in existing asset | <u>557,284</u>           |
| At 31 December 2019        | <u>(306,654)</u>         |

#### 12 Share capital

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

|                            | 2019   |        | 2018   |        |
|----------------------------|--------|--------|--------|--------|
|                            | No.    | £      | No.    | £      |
| Ordinary shares of £1 each | 50,001 | 50,001 | 50,001 | 50,001 |

#### 13 Commitments

##### Capital commitments

The company has capital commitments in respect of the adoption of meter assets.

The total amount contracted for but not provided in the financial statements was £1,999,918 (2018 : £2,006,751).

## **Independent Meters Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **14 Contingent liabilities**

The Company has entered into cross guarantees with fellow subsidiary undertakings, which guarantee certain borrowings of the Group. As at 31 December 2019 the total borrowings, as part of the BUUK Group, amounted to £1,692,857,000 (2018: £1,496,560,000).

#### **15 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.

#### **16 Parent and ultimate parent undertaking**

The company's immediate parent is Inexus Group (Holdings) Limited, incorporated in the United Kingdom.

The ultimate parent and controlling party is Brookfield Asset Management Inc, incorporated in Canada.

The largest group of which the Company is a member and for which Group financial statements are prepared is Brookfield Asset Management Inc. These financial statements are available upon request from its registered office at Brookfield Asset Management Inc., Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada.

The smallest group of which the Company is a member and for which Group financial statements are prepared is BUUK Infrastructure No 2 Limited, a Company registered in England and Wales. These financial statements are available upon request from its registered office at Synergy House, Woolpit Business Park, Windmill Avenue, Woolpit, Bury St Edmunds, Suffolk, IP30 9UP.