

Registered number
05491200

Inexus Limited

Annual Report and Financial Statements
For the year ended
31 December 2014

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Inexus Limited
Company Information

Directors

D Corney
C Linsdell

Company 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

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Inexus Limited**Registered number:**

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Strategic Report

The Directors present their strategic report, annual report and audited financial statements for the year ended 31 December 2014. The Directors in preparing this Strategic report, have complied with S414C of the Companies Act 2006.

Results

The profit for the year amounted to £6,783,811 (2013: £6,687,084). The Company's result was as a result of the intercompany loan arrangements the Company due to its position as an intermediate holding company in the Brookfield Utilities UK Group. The Company's profit was wholly generated by intercompany interest. The Company's financial position at the Balance sheet date was as expected given it is wholly made up of fixed asset investments and related intercompany loan arrangements. The Company has given and received assurances that these balances will not be recalled within 12 months of the date of this report unless the relevant company has the ability to do so.

Principal activity and review of business

The Company operates principally as an intermediate holding Company within the Brookfield Utilities UK Group (The Group).

The principal risks facing the Group are:

Regulatory Environment

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

Health, Safety and Environmental risk

The Group operates a comprehensive Health, Safety and Environment 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 rate risk

The Group has a policy of seeking to have a number of sources of funds at any particular time to meet the Group's liquidity as well as maintaining a balanced maturity profile to minimise, insofar 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 current debt has an unexpired term exceeding 12 years and is subject to a fixed interest rate.

Review of results and future prospects

The Directors are satisfied that the Company is well placed to continue to perform satisfactorily during the coming year.

Social, environmental and ethical policy

The Company is a member of the Brookfield Utilities UK Group (the '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.

Inexus Limited

Registered number:

05491200

Strategic Report (Continued)

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.

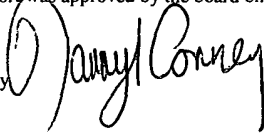
Full consideration and equal opportunities are given to employment applications from disabled persons with due regard to the requirements of the job. Where existing employees become disabled every effort is made to provide opportunities for continued employment within the Group supported with training 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 30 June 2015 and signed on its behalf.

D Corney
Director

A handwritten signature in black ink, appearing to read 'D Corney', is written over the printed name and title.

Inexus Limited**Registered number:**

05491200

Directors' Report

The Directors present their Strategic report, Directors report and audited financial statements for the year ended 31 December 2014. The Directors in preparing this Strategic report, have complied with S414C of the Companies Act 2006.

Dividends

No dividend was proposed during the year (2013: £nil).

Directors

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

D Corney
C Linsdell

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 period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these accounts, 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.

Auditor

A resolution to reappoint Deloitte LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

Directors' statement as to disclosure of information to auditor

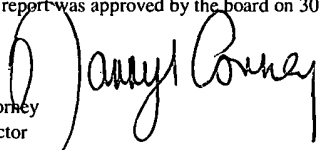
The Directors who were members of the board at the time of approving the Directors' report are listed on page 1. Having made enquiries of fellow Directors and of the Company's auditor, each of these Directors confirms that:

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditor is unaware; and
- Each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of 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 30 June 2015 and signed on its behalf.

D Corney
Director



**Independent Auditor's Report
to the members of Inexus Limited**

We have audited the financial statements of Inexus Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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 2014 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.

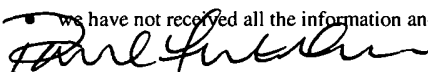
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and 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.


Paul Fletcher

ACA (Senior Statutory Auditor)

for and on behalf of

Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

30 June 2015

Inexus Limited
Profit and Loss Account
for the year ended 31 December 2014

	Notes	2014 £	2013 £
Interest receivable		53,429,087	53,658,088
Interest payable	3	(44,787,289)	(44,950,160)
Profit on ordinary activities before taxation		<u>8,641,798</u>	<u>8,707,928</u>
Tax on profit on ordinary activities	4	(1,857,987)	(2,020,844)
Profit for the financial year	10	<u>6,783,811</u>	<u>6,687,084</u>

Turnover and operating profit are wholly derived from continuing operations

The company has no recognised gains or losses other than the profit for the above two financial periods.

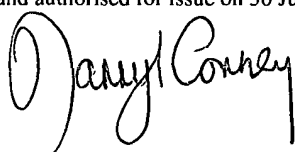
The notes on pages 8 to 11 form part of these financial statements

Inexus Limited
Balance Sheet
as at 31 December 2014

	Notes	£	2014 £	£	2013 £
Fixed assets					
Investments	5		2,035,488		2,035,488
Current assets					
Debtors	6	515,860,721		464,220,329	
Cash at bank and in hand		-		69,292	
		<u>515,860,721</u>		<u>464,289,621</u>	
Creditors: amounts falling due within one year	7	(467,398,959)		(422,611,670)	
Net current assets			<u>48,461,762</u>		<u>41,677,951</u>
Total assets less current liabilities			<u>50,497,250</u>		<u>43,713,439</u>
Creditors: amounts falling due after more than one year	8		(10,671,456)		(10,671,456)
Net assets			<u>39,825,794</u>		<u>33,041,983</u>
Capital and reserves					
Called-up share capital	9		1,895,601		1,895,601
Share premium			139,887		139,887
Profit and loss account	10		37,790,306		31,006,495
Shareholders' funds	10		<u>39,825,794</u>		<u>33,041,983</u>

The financial statements of Inexus Limited (registered number 05491200) were approved by the board of directors and authorised for issue on 30 June 2015 and signed on its behalf by:

D Corney
Director



The notes on pages 8 to 11 form part of these financial statements

Inexus Limited
Notes to the Financial Statements
for the year ended 31 December 2014

1 Accounting policies

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. At 31 December 2014 the Group had the following long term funding:

- Senior Secured Loan notes denominated in GBP (£500 million) and US\$ (US\$300 million). The loan notes are privately placed and have maturity dates ranging from 2023 to 2033. 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 £140 million. As at 31 December 2014 £103.6 million of the facilities remained undrawn. The debt facilities mature in 2017 or 2034 depending on the facility. Interest is paid on a margin above LIBOR.
- Convertible Loan Notes redeemable in 2044 of £158.5 million.

The Group 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.

The Company is financed by intercompany loans. All companies within the BUUK Group have given assurances that intercompany loans in existence at the Balance Sheet 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 2019, 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 financial statements on the going concern basis.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow statement

The Company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 (revised) on the grounds that it is a wholly-owned subsidiary undertaking.

Fixed asset investments

The Company's investments in shares of subsidiary undertakings are included at cost. The carrying value of fixed asset investments are reviewed for impairment if circumstances indicate that it may not be recoverable.

Group financial statements

The financial statements contain information about Inexus Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt from preparing consolidated financial statements under section 401 of the Companies Act 2006 as it is a subsidiary of a UK undertaking which prepares consolidated financial statements

Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the profit or loss account because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

Inexus Limited
Notes to the Financial Statements
for the year ended 31 December 2014

2 Operating profit

Audit fees for the company are £6,600 (2013 - £6,600) ; audit fees are borne by Brookfield Utilities UK No 2 Limited (2013 - Inexus (Services) Limited).

3 Interest payable

	2014	2013
	£	£
Bank loans and overdrafts	16,792	16,792
Interest payable to immediate parent undertaking	44,770,497	44,933,368
	<u>44,787,289</u>	<u>44,950,160</u>

4 Tax

	2014	2013
	£	£
(a) Tax on profit on ordinary activities		
The tax charge is made up as follows		
Current tax:		
Group relief charge in respect of the current period	1,857,987	2,024,593
Adjustments to prior periods	-	(3,749)
	<u>1,857,987</u>	<u>2,020,844</u>
Tax on profit on ordinary activities	<u>1,857,987</u>	<u>2,020,844</u>

(b) Factors affecting tax charge

The tax assessed on the profit on ordinary activities for the period is the same as the prior year the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are reconciled below:

	2014	2013
	£	£
Profit on ordinary activities before tax	8,641,798	8,707,928
Standard rate of corporation tax in the UK	21.50%	23.25%
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 21.50% (31 December 2012: 23.25%).	1,857,987	2,024,593
Effects of:		
Adjustments to tax charge in respect of previous periods	-	(3,749)
Current tax charge for period	<u>1,857,987</u>	<u>2,020,844</u>

(c) Factors that may affect future tax charges

The Finance Act 2013, which provides for a reduction in the main rate of corporation tax from 23% to 21% effective from 1 April 2014, was substantively enacted on 3 July 2013.

The Government enacted a future reduction in the main tax rate down to 20% effective from 1 April 2015. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

Inexus Limited
Notes to the Financial Statements
for the year ended 31 December 2014

5 Fixed Asset Investments

	Investments in subsidiary undertakings
Cost	£
At 1 January 2013 and 31 December 2013	2,035,488
Fixed asset investments are in group undertakings and are stated at cost.	

The Company's investments represent equity shares in Inexus Connections Limited, a wholly owned subsidiary incorporated in England and Wales.

The Directors believe that the carrying value of the investments is supported by the underlying net assets.

6 Debtors

	2014	2013
	£	£
Amounts due within one year		
Amounts owed by fellow subsidiary undertakings	515,860,721	464,220,329

7 Creditors: amounts falling due within one year

	2014	2013
	£	£
Amounts owed to group undertakings and undertakings in which the company has a participating interest	28,613,490	26,986,690
Amounts owed to ultimate parent company	438,785,468	395,624,980
	<u>467,398,958</u>	<u>422,611,670</u>

Amounts due to the immediate parent undertaking are unsecured and repayable on demand. Interest is charged at a fixed rate of 13% (2013 - 13%), and calculated monthly.

8 Creditors: amounts falling due after one year

	2014	2013
	£	£
Amounts owed to group undertakings	10,671,456	10,671,456
	<u>10,671,456</u>	<u>10,671,456</u>

Term loans

Interest on the term loan is payable at the rate per annum equal to LIBOR, plus the mandatory cost rate, plus a margin of 6.00% (2012 - 6.00%).

Security

The term loan is secured by a fixed and floating charge over the assets of certain group companies.

Inexus Limited
Notes to the Financial Statements
for the year ended 31 December 2014

8 Creditors: amounts falling due after one year (continued)

Total term loans and other loans are analysed as follows:

	2014	2013
	£	£
Due within 2 and 5 years	35,000,000	35,000,000
	<u>35,000,000</u>	<u>35,000,000</u>

The term loan is due to be repaid on 17 November 2017.

9 Called-up share capital

	Nominal value	2014	2013
		£	£
Allotted, issued and fully paid:			
Ordinary shares	£0.01 each	<u>1,895,601</u>	<u>1,895,601</u>

10 Reconciliation of movement in shareholders's funds and movement on reserves

	Called-up share capital	Share Premium	Profit and loss account	Total shareholders's funds
	£	£	£	2014 £
At 1 January	1,895,601	139,887	31,006,495	33,041,983
Profit for the financial year	-	-	6,783,811	6,783,811
At 31 December	<u>1,895,601</u>	<u>139,887</u>	<u>37,790,306</u>	<u>39,825,794</u>

11 Contingent liabilities

The Company has entered into cross guarantees with fellow subsidiary undertakings, which guarantee certain of the borrowings of the Group. As at 31 December 2014 the total borrowings, as part of the BUUK Group, amounted to £614,586,216 (31 December 2013 : £614,586,216).

12 Related party transactions

As 100% of the issued share capital of the Company is owned by a Group which consolidated financial statements are publicly available it is not required to disclose transactions with other wholly-owned Group undertakings that would otherwise be required under Financial Reporting Standard 8 'Related Party Disclosures'.

Inexus Limited
Notes to the Financial Statements
for the year ended 31 December 2014

13 Ultimate parent undertaking

The company's immediate parent undertaking is Inexus Group Limited, a company registered in England and Wales. The Company's ultimate parent undertaking is Brookfield Infrastructure Partners L.P., which is registered in Bermuda.

The smallest and largest 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.

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