

Registered number
05910724

Independent Fibre Networks Limited

Annual Report and Financial Statements

For the year ended
31 December 2014

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Independent Fibre Networks Limited
Company Information

Directors

D Corney
C Linsdell
A Robinson

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
England
IP30 9UP

Registered number

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Independent Fibre Networks Limited

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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 and dividends

The profit for the year, after taxation, amounted to £104,982 (2013: £nil). The Company's performance was as expected due to the rapid expansion of the Company's networks. The Company's financial position at the end of the year was secure as the only debt the Company had was with other group companies from which the Company has received assurances that these balances will not be recalled within a period of 12 months from the date of this report unless the Company is in a position to do so.

Principal activity and review of business

The Company operates fibre optic telecommunications in the UK.

Review of the business

The Company performed in line with expectations during the year. As part of the restructure of the fibre businesses within BUUK, all services provided to external wholesale customers have been transferred from Independent Next Generation Networks Limited.

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

Principal risks facing the Company

The Directors consider the main risks facing the Company to be:

Pricing risk	Current fibre products are competitively priced against similar incumbent products. <i>The prices and rate of return are not fixed by Ofcom.</i>
Regulatory risk	Ofcom has a policy of "light touch" regulation for most industry participants. Ofcom will keep the market under review but is very unlikely to introduce changes in the absence of Significant Market Power following a formal Market Review.
Volume risk	The Company does not take any volume risk for fibre. It receives fixed charges from the backhaul provider for use of the upstream fibre network which are passed through to the Communications Provider.
Credit risk	The Company contracts with Communications Provider (CP). The CP contracts with the end customer. All charges levied on the CP are charged up front except call charges. Not more than 10% of the Company's total revenues per site (approximately) equate to call charges and this percentage is expected to decrease as the business continues to grow.

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.

This report was approved by the board on 20 July 2015 and signed on its behalf.


D. Corney
Director

Independent Fibre Networks Limited**Registered number:** 05910724**Directors' Report**

The Directors present their annual report and audited financial statements for the year ended 31 December 2014.

Dividends

The Directors do not recommend the payment of a dividend (2013: £nil).

Directors

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

D Corney
C Linsdell
A Robinson

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 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;
- 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

Deloitte LLP were appointed as auditor during the year and a resolution to reappoint Deloitte LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

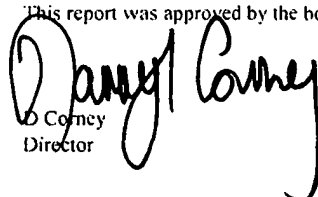
Directors' statement as to disclosure of information to auditor

The Directors who were members of the board at the time of approving the Directors' report is on page 1. Having made enquiries of the Company's auditor, the Directors confirm that:

- To the best of each Directors' knowledge and belief, there is no information relevant to the preparation of the annual 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 20 July 2015 and signed on its behalf.


D Corney
Director

Independent Auditor's Report
to the members of Independent Fibre Networks Limited

We have audited the financial statements of Independent Fibre Networks Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. 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 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.

Other matter

As the company was exempt from audit under section 480 of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year.



Paul Fletcher
(Senior Statutory Auditor)
for and on behalf of
Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom
20 July 2015

Independent Fibre Networks Limited
Profit and Loss Account
for the year ended 31 December 2014

	Notes	2014 £	2013 £ (unaudited)
Turnover	3	437,550	-
Cost of sales		(259,985)	-
Gross profit		177,565	-
Administrative expenses		(43,829)	-
Operating profit	4	133,736	-
Profit on ordinary activities before taxation		133,736	-
Tax on profit on ordinary activities	6	(28,754)	-
Profit for the financial year / period	10	104,982	-

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 7 to 10 form part of these financial statements.

Independent Fibre Networks Limited
Balance Sheet
as at 31 December 2014

	Notes	2014	2013
		£	(unaudited) £
Current assets			
Debtors	7	1,461,502	1,166,614
Cash at bank and in hand		<u>1,065</u>	<u>-</u>
		1,462,567	1,166,614
Creditors: amounts falling due within one year	8	(2,871,552)	(2,747,339)
Net current liabilities		<u>(1,408,985)</u>	<u>(1,580,725)</u>
Net liabilities		<u>(1,408,985)</u>	<u>(1,580,725)</u>
Capital and reserves			
Called-up share capital	9	1	1
Profit and loss account	10	(1,408,986)	(1,580,726)
Shareholders' Deficit	10	<u>(1,408,985)</u>	<u>(1,580,725)</u>

The financial statements of Independent Fibre Networks Limited (registered number 05910724) were approved by the board of directors and authorised for issue on 20 July 2015


D Corney
Director

The notes on pages 7 to 10 form part of these financial statements.

Independent Fibre Networks Limited
Notes to the Financial Statements
for the year ended 31 December 2014

1 Accounting policies

Going concern

The Company formed on the 1 July 2014, it 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.

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.

2 Prior year comparatives

As the company was exempt from audit in the prior year the corresponding amounts for that year are unaudited.

3 Turnover

Revenue represents the fair value of the consideration received or receivable for communication services, net of discounts and sales taxes. Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount of revenue and associated costs can be measured reliably. All turnover and profit before taxation, by origin and destination, was attributable to the UK.

Independent Fibre Networks Limited
Notes to the Financial Statements
for the year ended 31 December 2014

4 Operating profit

Audit fees for the audit of the Company's financial statements are £2,780 (2013 - £nil); audit fees are borne by Brookfield Utilities UK No 2 Limited.

5 Directors' emoluments and staff costs

The Directors received no emoluments in the year (2013(unaudited): £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.

6 Tax

	2014	2013 (unaudited)
	£	£
(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 year	28,754	-
Total current tax charge (note 6(b))	28,754	-
Tax on profit on ordinary activities	28,754	-

The tax assessed on the profit on ordinary activities for the period is the same as the standard rate of corporation tax in the UK of 21.50% (2013: 23.25%).

(b) Factors affecting tax charge

	2014	2013 (unaudited)
	£	£
Profit on ordinary activities before tax	133,736	-
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% (2013 : 23.25%).	28,753	-
Current tax charge for year	28,754	-

(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.

7 Debtors

	2014	2013 (unaudited)
	£	£
Amounts due within one year		
Trade debtors	91,737	-
Amounts owed by fellow subsidiary undertakings	1,239,008	1,166,614
Other debtors	116,244	-
Prepayments and accrued income	14,513	-
	1,461,502	1,166,614

Amounts owed by certain fellow subsidiary undertakings are unsecured and repayable on demand. Interest charged is variable, at LIBOR plus 6.75% (2013 - 6.75%), and calculated monthly.

Independent Fibre Networks Limited
Notes to the Financial Statements
for the year ended 31 December 2014

8 Creditors: amounts falling due within one year

	2014	2013
		(unaudited)
	£	£
Amounts owed to immediate parent company	2,307,317	2,610,189
Amounts owed to fellow subsidiary undertakings	369,219	137,150
Other creditors	124,800	-
Accruals and deferred income	70,216	-
	<u>2,871,552</u>	<u>2,747,339</u>

Amounts owed to fellow subsidiary undertakings and the immediate parent Company are unsecured and repayable on demand. Interest charged is variable, at LIBOR plus 6.75% (2013(unaudited) - LIBOR plus 6.75%), and calculated monthly.

9 Called-up share capital

	Nominal value	2014	2013
			(unaudited)
		£	£
Allotted, issued and fully paid:			
Ordinary shares	£1 each	<u>1</u>	<u>1</u>

10 Reconciliation of movement in shareholders' deficit and movement on reserves

	Share capital	Profit and loss account	Total shareholders' Deficit 2014	Total shareholders' Deficit 2013 (unaudited)
	£	£	£	£
At 1 January	1	(1,513,968)	(1,513,967)	(1,580,725)
Profit for the financial year	-	104,982	104,982	-
At 31 December	<u>1</u>	<u>(1,408,986)</u>	<u>(1,408,985)</u>	<u>(1,580,725)</u>

11 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'.

Independent Fibre Networks Limited
Notes to the Financial Statements
for the year ended 31 December 2014

12 Ultimate parent undertaking

The Company's immediate parent undertaking is Inexus Group (Holdings) Ltd, a Company registered in England and Wales. 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., which is registered in Bermuda.

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.