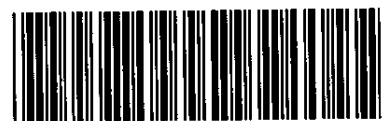


Registered number
FC020169
(England & Wales)
29431
(Guernsey)

The Gas Transportation Company Limited

Annual Report and Financial Statements
For the year ended
31 December 2017

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The Gas Transportation Company Limited
Annual report and financial statements
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The Gas Transportation Company Limited

Company Information

Directors

C Linsdell
D Corney
P Edwards

Company secretary

Cosign Limited

Auditor

Deloitte LLP
Statutory Auditor
London, United Kingdom

Registered office

Martello Court
Admiral Park
St Peter Port
Guernsey
GY1 3HB

Registered number

FC020169 (England & Wales)
29431 (Guernsey)

The Gas Transportation Company Limited Strategic Report

The Directors present their strategic report, annual report and audited financial statements for the year ended 31 December 2017.

Principal activities

The principal activities of the Company are those of designing and installing infrastructure networks for adoption by others and providing services to companies within the BUUK Infrastructure Limited Group "BUUK Group" under a Group Services Agreement in order that companies within the BUUK Group can meet the obligations contained in their industry licences. The Company also provides a range of other services to fellow group undertakings.

Principal risks and uncertainties

The Company is part of the BUUK Infrastructure Group "BUUK Group", owned by BUUK Infrastructure Limited. The principal risks and uncertainties facing the "BUUK Group" and the entity are:

Regulatory

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

Health, Safety and Environmental

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

Liquidity and Interest Rates

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

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

The Group's credit risk is primarily attributable to its trade receivables. Given the number and geographical spread of the Group's ultimate customers and the solvency of major trade debtors, credit risk is believed to be limited. The Group is not reliant on any particular customer in the markets in which it operates and there is no significant concentration of credit risk. The Group regularly monitors its exposure to bad debts in order to minimise this exposure.

Results and review of the business

The profit for the year, after taxation, amounted to £2,654,276 (2016: profit of £2,646,650). Turnover has increased by 10% as a result of continued improvements in the levels of activity within the construction industry in the UK. The balance sheet position remains strong with net assets of £37,005,554 (2016: £34,228,913). The Directors do not recommend a dividend payment (2016: £nil). The Company gave and received assurances from group companies that intercompany balances would not be recalled unless the creditor company was in a position to repay them for a period of at least 12 months of the date of this report.

The Directors are satisfied that the Company is well placed to continue to perform satisfactorily during the coming year. 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 Company operates as part of the BUUK Infrastructure Group (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.

The Gas Transportation Company Limited Strategic Report

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.

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 2018 the Group was recognised as a 'Best Large Workplace' by Great Places to Work which reflects the Group's commitment to the importance of its employees.

This report was approved by the board on 9th July 2018 and signed on its behalf.



D Corney
Director

The Gas Transportation Company Limited

Registered number: FC020169

Directors' Report

The Directors present their annual report and audited financial statements for the year ended 31 December 2017.

Principal risks and uncertainties, future developments and employee involvement are discussed within the Strategic Report.

Directors

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

C Linsdell
D Corney
P Edwards

Directors' indemnities

The Company has Directors' and Officers' liability insurance to provide against liability in respect of proceedings brought forward by third parties, subject to the conditions set out in The Companies (Guernsey) Law, 2008. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

Directors' responsibilities Statement

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

The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 (Guernsey) Law, 2008. 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.

The Gas Transportation Company Limited
Registered number: FC020169
Directors' Report

Auditor

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

Disclosure of information to auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of section 249(3) of The Companies (Guernsey) Law, 2008.

This report was approved by the board on 9th July 2018 and signed on its behalf



D Corney
Director

The Gas Transportation Company Limited
Independent auditor's report
to the members of The Gas Transportation Company Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 (Guernsey) Law, 2008.

We have audited the financial statements of The Gas Transportation Company Limited (the 'company') which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 22.

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 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.

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 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.

The Gas Transportation Company Limited
Independent auditor's report
to the members of The Gas Transportation Company Limited

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 either 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law 2008. 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

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies (Guernsey) Law, 2008 we are required to report in respect of the following matters if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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.



Deloitte LLP
Statutory Auditor
London, United Kingdom
9 July 2018

The Gas Transportation Company Limited
Income Statement
for the year ended 31 December 2017

	Notes	2017 £	2016 £
Turnover	1, 3	143,583,427	129,633,063
Cost of sales		(102,569,052)	(95,176,673)
Gross profit		<u>41,014,375</u>	<u>34,456,390</u>
Administrative expenses		(40,833,555)	(32,145,577)
Operating profit	4	<u>180,820</u>	<u>2,310,813</u>
Interest receivable	5	9,669,715	10,751,985
Interest payable	6	(7,569,102)	(10,140,557)
Profit on ordinary activities before taxation		<u>2,281,433</u>	<u>2,922,241</u>
Tax on profit on ordinary activities	7	372,843	(275,591)
Profit for the financial year		<u>2,654,276</u>	<u>2,646,650</u>

All activities derive 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 Gas Transportation Company Limited
Statement of Financial Position
as at 31 December 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	8	12,722,042	9,606,183
Investments	9	1,012	1,012
		<u>12,723,054</u>	<u>9,607,195</u>
Current assets			
Work in progress		147,368,999	119,342,629
Debtors	10	384,806,954	352,305,268
Cash at bank and in hand		5,371,582	1,469,015
		<u>537,547,535</u>	<u>473,116,912</u>
Creditors: amounts falling due within one year	11	(513,265,035)	(448,495,194)
Net current assets		<u>24,282,500</u>	<u>24,621,718</u>
Net assets		<u>37,005,554</u>	<u>34,228,913</u>
Capital and reserves			
Called up share capital	13	24,264,235	24,264,235
Profit and loss account	14	12,741,319	9,964,678
Total equity		<u>37,005,554</u>	<u>34,228,913</u>

The financial statements of The Gas Transportation Company Limited, registered number 29431 (Guernsey) & FC020169 (England & Wales), were approved by the Board of Directors and authorised for issue on 9th July 2018.

They were signed on its behalf by:



D Corney
Director

The Gas Transportation Company Limited
Statement of Changes in Equity
31 December 2017

	Notes	Share capital £	Profit and loss account £	Total £
At 1 January 2016		24,264,235	5,966,695	30,230,930
Profit for the financial year	14	-	2,646,650	2,646,650
Capital Contribution	14	-	1,351,333	1,351,333
At 31 December 2016		<u>24,264,235</u>	<u>9,964,678</u>	<u>34,228,913</u>
At 1 January 2017		24,264,235	9,964,678	34,228,913
Profit for the financial year	14	-	2,654,276	2,654,276
Capital contribution	14	-	122,365	122,365
At 31 December 2017		<u>24,264,235</u>	<u>12,741,319</u>	<u>37,005,554</u>

The Gas Transportation Company Limited
Notes to the Financial Statements
for the year ended 31 December 2017

1 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The 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, remuneration of key management personnel and share based payments.

Turnover

Turnover represents the amounts receivable from the supply of goods and services during the year, net of Value Added Tax. All of the Company's turnover originated and was delivered in the UK. Sales of goods are recognised when goods are delivered and title has passed. Service revenue is recognised when the services have been provided and performed to the requirements of the contract.

Construction turnover is recognised based on the stage of completion of the infrastructure construction contract. This is measured by the proportion of connections completed compared to the contracted connections for each contract.

Going Concern

The Company forms part of the Group known as BUUK Infrastructure ("BUUK", the "Group") of which the ultimate parent undertaking is Brookfield Asset Management Inc. BUUK had its investment grade rating from Moody's reaffirmed on 3 October 2017. At 31 December 2017 the Group had the following long term funding:

- Senior Secured Loan notes denominated in GBP (£885 million) and US\$ (US\$300 million). The loan notes are privately placed and have maturity dates ranging from 2023 to 2036. 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 £300 million. As at 31 December 2017, £95.8 million of the facilities remained undrawn. The facilities mature in 2022. Interest is paid on a margin above LIBOR.
- Convertible Loan Notes redeemable in 2044 of £158.5 million.

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

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

All Companies within the BUUK Group have given assurances that intercompany loans in existence at the Statement of Financial Position date will not be recalled within a period of one year from the date of signing of the financial statements, unless a Company is in a position to make repayment. The Company's forecasts, taking into account reasonable possible changes in trading performance to December 2022, show that the Company should have adequate resources to continue in operational existence for the foreseeable future. Therefore, the Directors have a reasonable expectation that the Company can continue to meet its liabilities as they fall due, for a period of at least 12 months from the date of this annual report. Accordingly, they have prepared the financial statements on the going concern basis.

Interest income

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.

The Gas Transportation Company Limited
Notes to the Financial Statements
for the year ended 31 December 2017

1 Summary of significant accounting policies (continued)

Interest expense

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

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets on the straight line method over their estimated useful lives. The principal rates in use are:

	%
Office equipment	20
Motor vehicles	25

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.

Investments

The Company's investments in shares of subsidiary undertakings are included at cost. The carrying value of fixed asset investments is reviewed for impairment if circumstances indicate that it may not be recoverable. The recoverable amount is deemed to be the higher of its value in use and its fair value less costs to sell.

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.

Group financial statements

As an intermediate holding Company, the Directors do not consider it necessary to prepare consolidated financial statements under section 244 of The Companies (Guernsey) Law 2008. Accordingly the financial statements present information about it as an entity, and not as a Group.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost comprises of direct materials, labour and overheads.

Operating leases

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Pensions

Contributions to defined contribution plans are expensed in the period to which they relate.

The Gas Transportation Company Limited
Notes to the Financial Statements
for the year ended 31 December 2017

1 Summary of significant accounting policies (continued)

Taxation

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

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

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

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

Current and deferred tax assets and liabilities are not discounted, and are only offset when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

2 Critical accounting estimates and judgements

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 value of work in progress is estimated based upon stage of completion, which is the proportion of network connections made to date, applied to forecasted final project costs. Final project costs and accordingly the value of work in progress at the statement of financial position date are an estimate based on historical experience and managements assessment of other relevant factors.

3 Turnover	2017	2016
	£	£
Construction revenue	102,399,059	86,641,537
Service revenue	41,184,368	42,991,526
	<u>143,583,427</u>	<u>129,633,063</u>
4 Operating profit	2017	2016
	£	£
This is stated after charging/(crediting):		
Depreciation of owned fixed assets	4,009,780	3,007,621
Defined contribution pension costs	2,424,670	1,601,910
Gain on disposal of fixed assets	(108,024)	(166,843)
Operating lease rentals - land and buildings	<u>640,737</u>	<u>433,517</u>

Audit remuneration for the audit of the financial statements of the Company totalled £42,900 (2016: £37,400) and was borne by another Group company with no right of reclaim.

The Gas Transportation Company Limited
Notes to the Financial Statements
for the year ended 31 December 2017

5 Interest receivable	2017	2016
	£	£
Bank interest	63,243	108,561
Interest receivable from fellow group undertakings	9,606,472	10,643,424
	<u>9,669,715</u>	<u>10,751,985</u>

6 Interest payable	2017	2016
	£	£
Bank loans and overdrafts	9,586	3,150
Interest payable to fellow group undertakings	7,559,516	10,137,407
	<u>7,569,102</u>	<u>10,140,557</u>

7 Taxation	2017	2016
	£	£
Analysis of charge in period		
Current tax:		
Group relief charge in respect of the current year	1,256,873	604,264
Adjustments in respect of previous periods	(745,047)	(16,697)
	<u>511,826</u>	<u>587,567</u>
Deferred tax:		
Origination and reversal of timing differences	(670,983)	(412,768)
Change in estimate of deferred tax asset	(831,112)	-
Adjustments in respect of previous years	617,426	1,663
Effect of decreased tax rate on opening liability	-	99,129
	<u>(884,669)</u>	<u>(311,976)</u>
Tax on profit on ordinary activities	<u>(372,843)</u>	<u>275,591</u>

Factors affecting tax charge for period

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

	2017	2016
	£	£
Profit on ordinary activities before tax	<u>2,281,433</u>	<u>2,922,241</u>
Standard rate of corporation tax in the UK	19.25%	20.00%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	439,176	584,448
Effects of:		
Expenses not deductible for tax purposes	57,907	24,816
Difference between current and future tax rates in the year	88,807	72,841
Change in future tax rates on opening deferred tax	-	99,129
Credits not taxable	-	(490,609)
Change in estimate of deferred tax asset	(831,112)	-
Adjustments to tax charge in respect of previous years	(127,621)	(15,034)
Tax charge for year	<u>(372,843)</u>	<u>275,591</u>

The Gas Transportation Company Limited
Notes to the Financial Statements
for the year ended 31 December 2017

7 Taxation (continued)

Factors that may affect future tax charges

The Finance Act 2015, which was substantively enacted on 26 October 2015, provides for a reduction in the main rate of corporation tax from 20% to 19% effective from 1 April 2017. The Finance Act 2016, which was substantively enacted on 15 September 2016, provides for a further reduction in the main rate of corporation tax to 17% from 1 April 2020. Consequently deferred tax has been calculated at the year end using a tax rate of 17%.

The Company has no unrecognised deferred tax assets or liabilities as at 31 December 2017 (2016: £nil).

8 Tangible fixed assets

	Motor vehicles	Office equipment	Total
	<i>At cost</i>	<i>At cost</i>	
	£	£	£
Cost or valuation			
At 1 January 2017	5,679,106	13,446,045	19,125,151
Additions	2,820,606	4,350,995	7,171,601
Disposals	(403,811)	(869,353)	(1,273,164)
At 31 December 2017	<u>8,095,901</u>	<u>16,927,687</u>	<u>25,023,588</u>
Depreciation			
At 1 January 2017	2,351,985	7,166,983	9,518,968
Charge for the year	1,590,294	2,419,486	4,009,780
On disposals	(357,849)	(869,353)	(1,227,202)
At 31 December 2017	<u>3,584,430</u>	<u>8,717,116</u>	<u>12,301,546</u>
Carrying amount			
At 31 December 2017	<u>4,511,471</u>	<u>8,210,571</u>	<u>12,722,042</u>
At 31 December 2016	<u>3,327,121</u>	<u>6,279,062</u>	<u>9,606,183</u>

The Gas Transportation Company Limited
Notes to the Financial Statements
for the year ended 31 December 2017

9 Investments

	2017	2016
	£	£
Shares in subsidiary undertakings - at cost less impairment	<u>1,012</u>	<u>1,012</u>

The Company holds investments in the share capital of the following companies:

Company	Holding	Country of incorporation	Nature of business
Utility Grid Installations Limited*	100%	England & Wales	Construction of gas distribution networks
The Electricity Network Company Limited*	100%	England & Wales	Adoption, operation and maintenance of electricity networks.
GPL Investments Limited*	100%	England & Wales	Investment holding
GTC Utility Construction Limited*	100%	England & Wales	Construction of utility networks
Power on Investments Limited*	100%	England & Wales	Investment holding
Independent Fibre Retail Limited*	100%	England & Wales	Supply of fibre retail services
GTC Pipelines Limited	100%	England & Wales	Construction of gas distribution networks to housing and industrial developments
Power on Connections Limited	100%	England & Wales	Adoption, operation and maintenance of electricity networks which supply housing and industrial developments

*Shareholding held directly

The registered office of each subsidiary undertaking is Energy House, Woolpit Business Park, Windmill Avenue, Woolpit, Bury St Edmunds, Suffolk, IP30 9UP.

10 Debtors

	2017	2016
	£	£
Trade debtors	12,362,072	7,019,386
Amounts owed by group undertakings: interest bearing	287,896,929	213,681,767
Amounts owed by group undertakings: non-interest bearing	71,914,249	59,548,752
Amounts owed by immediate parent undertaking: non-interest bearing	-	62,769,322
Deferred tax asset (see note 12)	2,980,973	2,096,304
Other debtors	4,374,304	3,187,617
Prepayments and accrued income	<u>5,278,427</u>	<u>4,002,120</u>
	<u>384,806,954</u>	<u>352,305,268</u>

Interest bearing amounts owed by group undertakings bear interest at between 3.34% and 6.66% (2016: 4.17% to 6.66%). All amounts owed by group undertakings and immediate parent undertakings are unsecured and repayable on demand.

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11 Creditors: amounts falling due within one year	2017	2016
	£	£
Trade creditors	10,049,108	5,595,115
Amounts owed to group undertakings: non-interest bearing	31,351,060	27,689,228
Amounts owed to group undertakings: interest bearing	111,666,363	272,931,454
Amounts owed to immediate parent undertaking	196,447,085	-
Other taxes and social security costs	843,458	628,116
Other creditors	850,475	811,552
Payments on account	130,006,707	109,132,523
Accruals and deferred income	32,050,779	31,707,206
	<u>513,265,035</u>	<u>448,495,194</u>

Amounts owed to group undertakings and the immediate parent undertaking are unsecured and repayable on demand. Interest is charged on interest bearing amounts owed to group undertakings at 3.34% (2016: 4.17%) and amounts owed to the immediate parent undertaking at 2.04% (2016: nil).

12 Deferred taxation	2017	2016
	£	£
Other temporary timing differences	-	(17,013)
Decelerated capital allowances	(2,980,973)	(2,079,291)
	<u>(2,980,973)</u>	<u>(2,096,304)</u>

	2017	2016
	£	£
At 1 January	(2,096,304)	(1,784,327)
Deferred tax credit in income statement	(884,669)	(311,977)
At 31 December	<u>(2,980,973)</u>	<u>(2,096,304)</u>

13 Share capital	Nominal value	2017 Number	2017	2016
			£	£
Allotted, called up and fully paid:				
Ordinary shares	£1 each	24,264,235	<u>24,264,235</u>	<u>24,264,235</u>

14 Profit and loss account	2017	2016
	£	£
At 1 January	9,964,678	5,966,695
Profit for the financial year	2,654,276	2,646,650
Capital contribution	122,365	1,351,333
At 31 December	<u>12,741,319</u>	<u>9,964,678</u>

The capital contribution relates to Group share-based pay arrangements involving employees of the Company. The Company does not have an obligation to settle the share-based pay transaction with its employees. The obligation to settle arises in another Group company, BUUK Infrastructure Holdings Limited. The Company accounts for this transaction as an equity-settled scheme by recognising an expense for this transaction and a corresponding increase in equity as a contribution from its parent.

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15 Capital commitments	2017	2016
	£	£
Amounts contracted for but not provided in the accounts	<u>5,000,000</u>	<u>-</u>

16 Other financial commitments

Total future minimum lease payments under non-cancellable operating leases:

	Land and buildings 2017	Land and buildings 2016
	£	£
Falling due:		
within one year	425,550	36,250
within two to five years	<u>1,518,188</u>	<u>278,703</u>
	<u>1,943,738</u>	<u>314,953</u>

There are no amounts due after more than five years.

17 Contingent liabilities

The Company has entered into cross guarantees with fellow subsidiary undertakings, which guarantee certain borrowings of the Group. As at 31 December 2017 the total borrowings, as part of the BUUK Group, amounted to £1,311,078,000 (2016: £1,168,493,000).

18 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.

19 Controlling party

The Company's immediate parent undertaking is BUUK Infrastructure No 2 Limited, a Company registered in England and Wales. The Company's ultimate parent undertaking and controlling party is Brookfield Asset Management Inc, which is registered in 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. BUUK Infrastructure No 2 Limited's financial statements can be obtained from their registered office at: BUUK Infrastructure No 2 Limited, Energy House, Woolpit Business Park, Windmill Avenue, Woolpit, Bury St Edmunds, Suffolk, IP30 9UP.

The largest Group the Company is a member and for which Group financial statements are prepared is Brookfield Asset Management Inc, which is registered in Canada. Brookfield Asset Management Inc's financial statements can be obtained from: Brookfield Asset Management Inc, Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada.

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20 Presentation currency

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

21 Legal form of entity and country of incorporation

The Gas Transportation Company Limited is a limited company incorporated in Guernsey.

22 Principal place of business

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

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