Registered number
03104203

GTC Pipelines Limited

Annual Report and Financial Statements
For the Year Ended
31 December 2017

GTC Pipelines Limited
Annual report and financial statements
Contents

	Page
Company information	1
Strategic report	2
Directors' report	4
Independent auditor's report	6
Income statement	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11

GTC Pipelines Limited
Company Information

Directors
C Linsdell
D Corney
K Johnston
J Trounson

Company secretary
C Mumford
S Standring

Auditor
Deloitte LLP
Statutory Auditor
London, United Kingdom

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

Registered number
03104203

GTC Pipelines Limited
Strategic Report

The Directors present their strategic report, annual report and audited financial statements for the year ended 31 December 2017. The Directors, in preparing this Strategic report, have complied with S414C of the Companies Act 2006.

Principal activities and review of the business

The Company is a Gas Transporter licensed by Ofgem and undertakes the adoption and operation of gas pipeline networks to housing and industrial developments. There have not been any significant changes in the Company's principal activities in the year under review. 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 "BUUK Group", owned by BUUK Infrastructure Limited, 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 BUUK Group financial statements prepared by BUUK Infrastructure No 2 Limited.

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.

Risks to regulated revenues are generally low as the Relative Price Control (RPC) system offers a high degree of predictability of revenues for a period of 20 years after a gas connection is installed. The RPC system also helps to mitigate against the effects of inflation via an annual adjustment to recognise movements in retail prices.

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.

GTC Pipelines Limited
Strategic Report

Results
The profit for the year, after taxation, amounted to £5,031,213 (2016: loss of £2,253,843). The Company made a 24.5% increase in gross profit due to increased connections and rates charged compared with 2016. At the year end the Company had net liabilities of £71,760,397 (2016: £76,791,610), however this was primarily due to intercompany loan agreements and interest charged thereon. Intercompany creditors have given assurances that the loans will not be recalled within 12 months of the date of this report. The Directors consider that the Company's future earnings will eliminate the net loss position during the life of the infrastructure assets.

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

GTC Pipelines Limited
Registered number: 03104203
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.

Dividends
The Directors do not recommend the payment of a final dividend (2016: £nil).

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

C Linsdell
J Dale (resigned 29 December 2017)
D Corney
K Johnston
J Trounson (appointed 01 December 2017)

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

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

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

GTC Pipelines Limited
Registered number: 03104203
Directors' Report

Auditor

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

Disclosure of information to auditor

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

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

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

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

D Corney
Director

GTC Pipelines Limited
Independent auditor's report
to the members of GTC Pipelines 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 Act 2006.

We have audited the financial statements of GTC Pipelines 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 20.

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, 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 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 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.

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 the 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.

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.

Andrew Lowes

Andrew Lowes (Senior Statutory Auditor)
For and on behalf of
Deloitte LLP
Statutory Auditor
London, United Kingdom
9 July 2018

GTC Pipelines Limited
Income Statement
for the year ended 31 December 2017

	Notes	2017 £	2016 £
Turnover	1	64,352,731	56,533,154
Cost of sales		(15,922,541)	(17,636,847)
Gross profit		48,430,190	38,896,307
Administrative expenses		(14,727,886)	(13,335,706)
Operating profit	3	33,702,304	25,560,601
Interest receivable	4	337,313	35,519
Interest payable	5	(28,594,140)	(27,768,303)
Profit/(loss) on ordinary activities before taxation		5,445,477	(2,172,183)
Tax on profit/(loss) on ordinary activities	7	(414,264)	(81,660)
Profit/(loss) for the financial year		5,031,213	(2,253,843)

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.

GTC Pipelines Limited
Statement of Financial Position
as at 31 December 2017

	Notes		2017 £		2016 £
Fixed assets					
Intangible assets	8		18,750,000		21,000,000
Tangible assets	9		333,844,582		296,537,303
			352,594,582		317,537,303
Current assets					
Debtors: amounts due within one year	10	14,008,728		11,783,369	
Debtors: amounts due after more than one year	10	11,656,455		11,893,847	
Cash at bank and in hand		925,846		1,568	
		26,591,029		23,678,784	
Creditors: amounts falling due within one year	11	(450,946,008)		(417,511,436)	
Net current liabilities			(424,354,979)		(393,832,652)
Total assets less current liabilities			(71,760,397)		(76,295,349)
Provisions for liabilities					
Deferred taxation	12		-		(496,261)
Net liabilities			(71,760,397)		(76,791,610)
Capital and reserves					
Called up share capital	13		1,000		1,000
Profit and loss account	14		(71,761,397)		(76,792,610)
Total deficit			(71,760,397)		(76,791,610)

The financial statements of GTC Pipelines Limited, registered number 03104203, 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

GTC Pipelines Limited
Statement of Changes in Equity
for the year ended 31 December 2017

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2016	1,000	(74,538,767)	(74,537,767)
Loss for the financial year	-	(2,253,843)	(2,253,843)
At 31 December 2016	1,000	(76,792,610)	(76,791,610)
At 1 January 2017	1,000	(76,792,610)	(76,791,610)
Profit for the financial year	-	5,031,213	5,031,213
At 31 December 2017	1,000	(71,761,397)	(71,760,397)

GTC Pipelines 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 and remuneration of key management personnel.

Turnover

Turnover represents the amounts receivable from the supply of goods and services during the year, net of Value Added Tax. Transportation income is recognised when services are provided and are rendered based upon usage during that year. All turnover and loss before taxation, by origin and destination, was attributable to the UK.

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.

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses. The carrying value of intangible assets are 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. Intangibles are amortised straight line over 20 years.

1 Summary of significant accounting policies (continued)

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

Gas Infrastructure	20 to 60 years

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.

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.

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.

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

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 Directors consider the useful economic lives of tangible fixed assets to be a key source of estimation. 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.

During the year management undertook an assessment of the estimated useful lives of network assets taking into consideration the expected technical and economic lives of these assets. The outcome of this assessment has been to extend the useful lives of network assets from 40 to 60 years, accounted for prospectively. The estimated impact on the current year has been a decrease to depreciation charged to cost of sales of approximately £2.9m. It is not practical to reliably estimate the impact of this change on future years as this is dependent on an unknown future cost of infrastructure asset additions.

3 Operating profit

	2017	2016
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	8,068,819	9,982,251
Loss on disposal of fixed assets	1,874,624	2,008,053
Amortisation of intangible assets charged to cost of sales	2,250,000	2,250,000

Audit fees of £23,100 (2016: £26,180) were borne by another Group company during the year on behalf of GTC Pipelines Limited.

4 Interest receivable

	2017	2016
	£	£
Interest receivable from fellow group undertakings	337,313	35,519

5 Interest payable

	2017	2016
	£	£
Interest payable to immediate parent undertaking	28,574,781	26,957,443
Interest payable to fellow group undertakings	19,359	810,860
	28,594,140	27,768,303

6 Directors emoluments and staff costs

The Directors received no emoluments in the year (2016: £nil) in respect of qualifying services. 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 current or prior year with all administrative tasks undertaken by employees of fellow group undertakings.

7 Taxation

	2017	2016
	£	£
Analysis of charge in year		
Current tax:		
Group relief credit in respect of the current year	2,961,206	(1,528,904)
Adjustments in respect of previous years	(60,400)	793,945
	2,900,806	(734,959)
Deferred tax:		
Origination and reversal of timing differences	(1,165,052)	1,442,797
Adjustments in respect of previous years	(1,321,490)	(643,976)
Effect of decreased tax rate on opening asset	-	17,798
	(2,486,542)	816,619
Tax on profit/(loss) on ordinary activities	414,264	81,660

Factors affecting tax charge for year

The tax assessed on the profit/(loss) on ordinary activities for the year differs from the blended standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are reconciled below:

	2017	2016
	£	£
Profit/(loss) on ordinary activities before tax	5,445,477	(2,172,183)
Standard rate of corporation tax in the UK	19.25%	20.00%
	£	£
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax	1,048,254	(434,437)
Effects of:		
Expenses not deductible for tax purposes	593,702	602,941
Effect of difference between current and future tax rates in the year	154,198	(254,611)
Effect of change in future tax rates on opening deferred tax	-	17,798
Adjustments to tax charge in respect of previous years	(1,381,890)	149,969
Tax charge for the year	414,264	81,660

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 Intangible fixed assets

Other intangibles:

	£
Cost	
At 1 January 2017	45,000,000
At 31 December 2017	45,000,000
Amortisation	
At 1 January 2017	24,000,000
Provided during the year	2,250,000
At 31 December 2017	26,250,000
Carrying amount	
At 31 December 2017	18,750,000
At 31 December 2016	21,000,000

Other intangible assets relate to the right to purchase future gas networks. This has arisen as part of the purchase of gas network portfolios from fellow group undertakings in 2006. Other intangibles are being written off in equal annual instalments over an estimated economic life of 20 years.

9 Tangible fixed assets

	Infrastructure assets *At cost* £
Cost	
At 1 January 2017	361,305,876
Additions	47,250,723
Disposals	(2,164,175)
At 31 December 2017	406,392,424
Depreciation	
At 1 January 2017	64,768,573
Charge for the year	8,068,819
On disposals	(289,550)
At 31 December 2017	72,547,842
Carrying amount	
At 31 December 2017	333,844,582
At 31 December 2016	296,537,303

10 Debtors

	2017	2016
	£	£
Amounts due in less than one year included in debtors:		
Trade debtors	2,259,951	786,178
Amounts owed by fellow subsidiary undertakings	3,250,256	5,535,111
Deferred tax asset (see note 12)	1,990,281	-
Prepayments and accrued income	6,508,240	5,462,080
	14,008,728	11,783,369

Amounts owed by fellow subsidiary undertakings are unsecured and repayable on demand with interest charged at 3.34% (2016: 4.17%).

	2017	2016
Amounts due after more than one year included in debtors:		
Prepayments	11,656,455	11,893,847

Prepayments due in more than one year relate to payments made in advance for the purchase of gas infrastructure assets. A further £208,508 (2016: £252,883) in relation to this is presented within prepayments due in less than one year.

11 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	363,824	301,581
Amounts owed to immediate parent company: interest bearing	401,977,774	371,844,427
Amounts owed to immediate parent company: non-interest bearing	32,160,000	32,160,000
Amounts owed to fellow subsidiary undertakings: interest bearing	-	12,101,067
Amounts owed to fellow subsidiary undertakings: non-interest bearing	15,059,843	-
Other taxes and social security costs	1,127,771	967,177
Other creditors	28,796	10,521
Accruals and deferred income	228,000	126,663
	450,946,008	417,511,436

Amounts owed to immediate parent company are unsecured and repayable on demand. Interest bearing amounts are charged at a rate of 3.34% (2016: average rate 7.73%). Amounts owed to fellow subsidiary undertakings are unsecured and repayable on demand. Interest bearing amounts are charged at 3.34% (2016: 4.17%).

12 Deferred taxation

	2017	2016
	£	£
Capital allowances (asset)/liability	(1,990,281)	496,261

	2017	2016
	£	£
At 1 January	496,261	(320,358)
(Credited)/charged to profit and loss	(2,486,542)	816,619
At 31 December	(1,990,281)	496,261

13 Share capital

	Nominal value	2017 Number	2017 £	2016 £
Allotted, called up and fully paid:				
Ordinary shares	£1 each	1,000	1,000	1,000

14 Profit and loss account

	2017 £	2016 £
At 1 January	(76,792,610)	(74,538,767)
Profit/(loss) for the financial year	5,031,213	(2,253,843)
At 31 December	(71,761,397)	(76,792,610)

15 Capital commitments

	2017 £	2016 £
Amounts contracted for but not provided in the financial statements	251,933,347	224,680,000

The above amounts are in relation to the adoption of infrastructure assets.

16 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.

17 Controlling party

The company's immediate parent undertaking is GPL Investments Ltd, a company incorporated in England and Wales. The Company's ultimate parent undertaking 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 of which 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 their registered office at: Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada.

18 Presentation currency

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

19 Legal form of entity and country of incorporation

GTC Pipelines Limited is a private company limited by shares incorporated in England & Wales.

20 Principal place of business

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

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