Registration number: 05776438

Independent Water Networks Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 March 2025

Independent Water Networks Limited

Company Information

Directors	C Linsdell
	N Shaw
	C Thackeray
	R Brett
	J Trounson
	S Hockman
Company secretary	C Mumford
Registered office	Synergy House Woolpit Business Park Woolpit Bury St Edmunds Suffolk IP30 9UP

Independent Water Networks Limited

Income Statement for the Year Ended 31 March 2025

	Note	2025 £	2024 £
Turnover		33,456,373	20,430,785
Cost of sales		(23,850,550)	(14,720,361)
Gross profit		9,605,823	5,710,424
Administrative expenses		(10,397,225)	(9,302,844)
Operating loss	3	(791,402)	(3,592,420)
Interest payable and similar expenses	4	(2,872,558)	(1,310,273)
Loss before tax		(3,663,960)	(4,902,693)
Taxation	7	915,990	1,225,673
Loss for the financial year		(2,747,970)	(3,677,020)

The above results were derived from continuing operations.

The notes on pages 6 to 16 form an integral part of these financial statements.

Independent Water Networks Limited

Statement of Comprehensive Income for the Year Ended 31 March 2025

	2025 £	2024 £
Loss for the year	(2,747,970)	(3,677,020)
Surplus/(deficit) on revaluation of network assets before tax	34,982,055	5,904,274
Income tax effect of revaluation of network assets	(8,745,514)	(1,476,068)
Total comprehensive income for the year	23,488,571	751,186

The notes on pages 6 to 16 form an integral part of these financial statements.

Independent Water Networks Limited

(Registration number: 05776438)
Statement of Financial Position as at 31 March 2025

	Note	2025 £	2024 £
Fixed assets			
Tangible assets	8	121,276,907	64,492,991
Current assets			
Debtors	9	23,068,613	13,027,378
Cash at bank and in hand		87,619	94,625
		23,156,232	13,122,003
Creditors: Amounts falling due within one year	10	(78,832,450)	(48,712,203)
Net current liabilities		(55,676,218)	(35,590,200)
Total assets less current liabilities		65,600,689	28,902,791
Provisions for liabilities	11	(21,062,325)	(7,852,998)
Net assets		44,538,364	21,049,793
Capital and reserves			
Called up share capital	12	9,000,000	9,000,000
Revaluation reserve		46,249,630	20,352,175
Profit and loss account		(10,711,266)	(8,302,382)
Total equity		44,538,364	21,049,793

The notes on pages 6 to 16 form an integral part of these financial statements.

Independent Water Networks Limited

Statement of Changes in Equity for the Year Ended 31 March 2025

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 April 2023	9,000,000	16,139,551	(4,840,944)	20,298,607
Loss for the year	-	-	(3,677,020)	(3,677,020)
Other comprehensive income	-	4,428,206	-	4,428,206
Total comprehensive income	-	4,428,206	(3,677,020)	751,186
Transfers	-	(215,582)	215,582	-
At 31 March 2024	9,000,000	20,352,175	(8,302,382)	21,049,793

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 April 2024	9,000,000	20,352,175	(8,302,382)	21,049,793
Loss for the year	-	-	(2,747,970)	(2,747,970)
Other comprehensive income/(expense)	-	26,236,541	-	26,236,541
Total comprehensive income/(expense)	-	26,236,541	(2,747,970)	23,488,571
Transfers	-	(339,086)	339,086	-
At 31 March 2025	9,000,000	46,249,630	(10,711,266)	44,538,364

The notes on pages 6 to 16 form an integral part of these financial statements.

1 General information

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

The address of its registered office and principal place of business is:
Synergy House
Woolpit Business Park
Woolpit
Bury St Edmunds
Suffolk
IP30 9UP

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

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

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

Summary of disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to members of a group where consolidated financial statements are publicly available. Exemptions have been taken in relation to the presentation of a cash flow statement, certain financial instruments and remuneration of key management personnel.

Name of parent of group

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

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

2 Accounting policies (continued)

Going concern

The Company forms part of the Group headed by BUUK Infrastructure (Jersey) Limited ("BUUK") of which the ultimate parent undertaking is Brookfield Corporation. The funding required to finance the activities of BUUK's subsidiaries is organised and managed on a centralised basis on behalf of all members of the Group.

The Group is cash generative and holds a Baa2 (investment grade) rating from Moody's. The rating was reconfirmed by Moody’s in June 2024. At the date of approval of the financial statements the Group has undrawn committed facilities of £329.8m with a syndicate of banks, of which £247.0m is available for general corporate purposes and £82.8m is linked to future capital expenditure. These facilities were renewed in 2023 and are due to expire on 28 November 2028.

The Group has Senior Secured Loan notes denominated in GBP (£2,370m) which incur a fixed rate of interest. The Group’s borrowings have an average remaining maturity of c.10.7 years, with maturity dates ranging from 2026 to 2048.

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

Given the above, the Directors have a reasonable expectation that the Company can continue to meet its liabilities as they fall due, for a period of at least 12 months from the date of this annual report. Accordingly, they have prepared the financial statements on the going concern basis.

2 Accounting policies (continued)

Judgements and key sources of estimation uncertainty

The Directors consider the following to be critical judgements or key sources of estimation uncertainty that have been made in the process of applying the Company's accounting policies which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The following judgement had a significant effect on the amounts recognised in the financial statements.

Basis of preparation of cash flow forecasts:

In preparing the cashflow forecasts which form the basis of the Company's Network asset revaluations management have leveraged approved budgets and forecasts prepared at a Group level, using an allocation of Group revenues and costs, in order to calculate future cash-flows specifically derived from the ownership and operation of the Company's Network assets. This is considered the most appropriate basis of allocation as the activities and finances of the Company are managed centrally, as part of the BUUK Infrastructure Group. Data is held at a sufficiently disaggregated level to be able to reasonably assign costs solely associated with the utility assets, whilst also reflecting both costs and savings derived from its operation within the Group.

The allocation of revenues and direct costs is based on a rate determined by the number of in-place utility connections of the Company at year end. Overhead allocation is based on the proportion of employees required to maintain the existing utility connections.

The following estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Discount rate and long-term terminal growth rate used to determine the carrying amount of Network Assets:

Network Assets are stated in the statement of financial position at their re-valued amounts (with the exception of assets in the course of construction which are measured at cost), being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by the Directors at each statement of financial position date. In determining the fair value at the statement of financial position date, the Directors use the income approach. The income approach requires the Directors to estimate the future cash flows expected to arise from the Network Assets and to discount those cash flows using a suitable discount rate in order to determine present value.

The discount rate applied by the Directors is an equity discount rate determined using various market based assumptions. Significant judgment is required when determining the risk premium to be applied in determining a suitable equity discount rate. The long-term terminal growth rate has been determined based on a combination of past experience, current order-book and management's expectations of future growth rates in the industry. Details of the fair value calculation are set out in Note 8. As outlined in that note, a change in the discount rate or long-term terminal growth rate could have a significant impact on the calculated fair value.

2 Accounting policies (continued)

Revenue recognition

Turnover represents the amounts receivable for services provided in the normal course of business for water transportation for the Company's network assets, net of discounts, VAT and other sales-related taxes, recognised when services are provided and rendered based upon usage during the year.

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

Finance income and costs

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

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

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

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

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tax assets and liabilities are not discounted.

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

2 Accounting policies (continued)

Tangible assets

Network Assets are stated in the statement of financial position at their re-valued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impaired losses.

Any revaluation increase arising on the revaluation of Network Assets is credited to a revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such Network Assets is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation

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

Asset class	Depreciation method and rate
Infrastructure assets	20-80 years straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2 Accounting policies (continued)

Revaluation reserve

Revaluation reserves are used to record the surplus or deficit in the revaluation of Network Assets. The balance also includes excess depreciation charged in respect of the revalued assetes, which is transferred from retained earnings to the revaluation reserve at each reporting date. Any amount relating to an asset which is sold is transferred to retained earnings.

3 Operating loss

Arrived at after charging/(crediting)

	2025	2024
	£	£
Depreciation expense	1,214,884	662,657

Fees for the audit of the financial statements of £15,660 (2024: £16,680) were borne by another Group company during the year on behalf of Independent Water Networks Limited.

4 Interest payable and similar expenses

	2025	2024
	£	£
Interest payable on loans from group undertakings	2,872,558	1,310,273

5 Staff costs

The Company had no employees during the year (2024: nil) with all administrative tasks undertaken by employees of fellow Group undertakings.

6 Directors' remuneration

The Directors received no emoluments in the year (2024: £nil) in respect of qualifying services. The Directors are employees of other Group companies and the services that they provide to the Company are considered ancillary to the services that they provide to those other Group companies. There were no directors' emoluments or staff costs arising in the period with all administrative tasks undertaken by employees of a fellow subsidiary. Consequently, there is no link between remuneration and standards of performance.

7 Taxation

Tax charged/(credited) in the income statement

	2025 £	2024 £
Current taxation		
UK corporation tax	(5,379,803)	(1,514,307)
Deferred taxation		
Arising from origination and reversal of timing differences	4,463,813	288,634
Tax receipt in the income statement	(915,990)	(1,225,673)

The differences between the tax assessed for the year and the blended rate of corporation tax of 25% (2024: 25%) are reconciled below:

	2025 £	2024 £
Loss before tax	(3,663,960)	(4,902,693)
Corporation tax at standard rate	(915,990)	(1,225,673)
Total tax credit	(915,990)	(1,225,673)

Deferred tax

Tax relating to items recognised in other comprehensive income or equity

	2025 £	2024 £
Gains on network asset revaluations	8,745,514	1,476,068

The Finance Bill 2021, substantively enacted in May 2021, provided for the main rate of corporation tax to increase to 25% from 1 April 2023. Accordingly deferred tax has been calculated at the 31 March 2024 using a tax rate of 25%.

The Company has no unrecognised deferred tax assets or liabilities at 31 March 2025 (2024: £nil).

8 Tangible assets

	Infrastructure assets £
Cost or valuation	
At 1 April 2024	66,842,037
Revaluations	34,982,055
Additions	23,016,745
At 31 March 2025	124,840,837
Depreciation	
At 1 April 2024	2,349,046
Charge for the year	1,214,884
At 31 March 2025	3,563,930
Carrying amount	
At 31 March 2025	121,276,907
At 31 March 2024	64,492,991

Revaluation

The fair value of the company's Network assets was revalued on 31 December 2024. An independent valuer was not involved.

The valuation was based on a fair value model which applied an RPI-based revenue growth methodology to a zero-connections growth scenario over a 10 year period using internally-approved budgets which are built on detailed RPI-based revenue growth models. A perpetuity calculation is then used and based on the final year of the 10 year model, normalised for any known one-off items reflected in year 10. The fair value model assumes an annual level of operating costs and maintenance expenditure sufficient only to support the continued operation of the network assets in existence at the statement of financial position date. The rate used to discount the estimated cash flows was 8.0% (2024: 7.82%).

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £53,712,290 (2024: £33,049,752).

The estimated fair value was materially sensitive to two input assumptions made in deriving the model - the discount rate and the long-term terminal growth rate of 2% (2024: 2%). A 100 basis point increase in the discount rate would result in a decrease in the fair value of approximately £10,722,438 and a 100 basis point decrease in the long-term terminal growth rate would result in a decrease in the fair value of approximately £6,505,501.

9 Debtors

	2025 £	2024 £
Trade debtors	5,450,780	3,527,614
Amounts owed by group undertakings	4,637,695	1,922,506
Other debtors	3,418,679	1,915,348
Prepayments	470,267	126,926
Accrued income	9,091,192	5,534,984
	23,068,613	13,027,378

Included within amounts owed by group undertakings are non-interest bearing amounts of £4,566,589 (2024: £1,834,459), which are unsecured and repayable on demand.

10 Creditors

	2025 £	2024 £
Due within one year		
Trade creditors	560,167	124,588
Amounts due to group undertakings	54,462,738	34,791,313
Other payables	5,098,794	3,112,395
Accruals	18,710,751	10,683,907
	78,832,450	48,712,203

Amounts due to group undertakings are unsecured and repayable on demand with interest charged at 6.25% (2024: 5.7%).

11 Deferred tax

	Deferred tax £
At 1 April 2024	7,852,998
Increase (decrease) in existing provisions	13,209,327
At 31 March 2025	21,062,325

12 Share capital

Allotted, called up and fully paid shares

	2025		2024	
	No.	£	No.	£
Ordinary shares of £1 each	9,000,000	9,000,000	9,000,000	9,000,000

13 Dividends

Dividends are paid out of distributable profits provided that there is free cash flow to meet the payments.

During the period no dividends were paid (2023 - £nil).

14 Commitments

Capital commitments

The Company has capital commitments in respect of the adoption of infrastructure assets.
The total amount contracted for but not provided in the financial statements was £157,505,095 (2024 : £126,267,981).

15 Related party transactions

The Company has taken advantage of the exemption provided by FRS 102 paragraph 33.1A not to disclose transactions with other wholly-owned Group undertakings.

The Company has taken advantage of the exemption provided by FRS 102 paragraph 1.12(e) not to disclose key management personnel compensation.

16 Parent and ultimate parent undertaking

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

The ultimate parent and controlling party is Brookfield Corporation, incorporated in Canada.

The largest group of which the Company is a member and for which Group financial statements are prepared is Brookfield Corporation. These financial statements are available upon request from its registered office at Brookfield Corporation, Suite 100, Brookfield Place, 181 Bay Street, Toronto, Canada.

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