

**INSTITUTION OF WATER OFFICERS
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
31st DECEMBER 2003**



**INSTITUTION OF WATER OFFICERS
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2003

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INSTITUTION OF WATER OFFICERS COMPANY LIMITED BY GUARANTEE

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

T.E. Boldero
M.D. Walsh
G.D. Baggaley
R.P.A. Siaens
B. Buckley
A.R.F. Cooke
C. Plimmer
A.H. Rae
A.M. Waite
D. Wood
M. Devlin
D. Garner
R.E. Mills
K.A. Moule
A. Alexander
N.A. Morton

Company secretary

L. Cooper

Registered office

4 Carlton Court
Team Valley
Gateshead
Tyne & Wear
NE11 0AZ

Auditors

Tait Walker
Chartered Accountants
& Registered Auditors
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Bankers

National Westminster Bank plc
40 King Street
South Shields
Tyne & Wear
NE33 1HF

Halifax Plc
61 The Bridges Shopping Centre
Sunderland
Tyne & Wear
SR1 3LG

Solicitors

Sinton & Co.
5 Osborne Terrace
Jesmond
Newcastle upon Tyne
NE2 1SQ

INSTITUTION OF WATER OFFICERS COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT

YEAR ENDED 31st DECEMBER 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year continued to be that of promoting the advancement of technical and administrative knowledge in its widest terms appertaining to the water industry.

DIRECTORS

The directors who served the company during the year were as follows:

T.E. Boldero
H. Broadhurst
B. Duckworth
M.D. Walsh
G.D. Baggaley
R.P.A. Siaens
B. Buckley
A.R.F. Cooke
C. Plimmer
A.H. Rae
A.M. Waite
D. Wood
M. Devlin
P.D. Evans
D. Garner
R.E. Mills
K.A. Moule
A. Alexander
N.A. Morton

A. Alexander was appointed as a director on 10th April 2003.

N.A. Morton was appointed as a director on 10th April 2003.

H. Broadhurst resigned as a director on 10th April 2003.

B. Duckworth resigned as a director on 10th April 2003.

P.D. Evans resigned as a director on 10th April 2003.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the surplus or deficiency for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

INSTITUTION OF WATER OFFICERS COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st DECEMBER 2003

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

AUDITORS

A resolution to re-appoint Tait Walker as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed by order of the directors



L. Cooper
Company Secretary

Approved by the directors on ~~2nd MAR 2004~~

INSTITUTION OF WATER OFFICERS COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

YEAR ENDED 31st DECEMBER 2003

We have audited the financial statements on pages 6 to 13 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on pages 8 to 9 .

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INSTITUTION OF WATER OFFICERS
COMPANY LIMITED BY GUARANTEE**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS *(continued)*

YEAR ENDED 31st DECEMBER 2003

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2003 and of its surplus for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



TAIT WALKER
Chartered Accountants
& Registered Auditors

Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

2. 3. 2004

**INSTITUTION OF WATER OFFICERS
COMPANY LIMITED BY GUARANTEE**

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31st DECEMBER 2003

	Note	2003 £	2002 £
TURNOVER		338,622	203,724
Cost of sales		<u>(145,895)</u>	<u>(76,802)</u>
GROSS SURPLUS		192,727	126,922
Administrative expenses		<u>(158,586)</u>	<u>(151,592)</u>
Other operating income		<u>(5,273)</u>	<u>(4,540)</u>
OPERATING SURPLUS/(DEFICIENCY)	2	28,868	(29,210)
Loss on disposal of fixed assets		<u>(387)</u>	<u>—</u>
		28,481	(29,210)
Interest receivable		<u>2,036</u>	<u>1,796</u>
SURPLUS/(DEFICIENCY) ON ORDINARY ACTIVITIES BEFORE TAXATION		30,517	(27,414)
Tax on surplus/(deficit) on ordinary activities		<u>362</u>	<u>—</u>
RETAINED SURPLUS/(DEFICIENCY) FOR THE FINANCIAL YEAR		30,879	(27,414)
Balance brought forward		<u>250,436</u>	<u>277,850</u>
Balance carried forward		<u>281,315</u>	<u>250,436</u>

The notes on pages 8 to 13 form part of these financial statements.

INSTITUTION OF WATER OFFICERS COMPANY LIMITED BY GUARANTEE

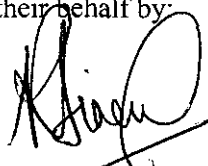
BALANCE SHEET

31st DECEMBER 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	3	89,135	89,988
Investments	4	40,000	40,000
		<u>129,135</u>	<u>129,988</u>
CURRENT ASSETS			
Debtors	5	105,174	40,345
Cash at bank		233,385	302,622
		<u>338,559</u>	<u>342,967</u>
CREDITORS: Amounts falling due within one year	6	157,241	193,381
NET CURRENT ASSETS		<u>181,318</u>	<u>149,586</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>310,453</u>	<u>279,574</u>
RESERVES	11		
Other reserves	12	29,138	29,138
Income and expenditure account		281,315	250,436
MEMBERS' FUNDS		<u>310,453</u>	<u>279,574</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 2nd MAR 2004 and are signed on their behalf by:



R.P.A. Staens
Director



M.D. Walsh
Director

The notes on pages 8 to 13 form part of these financial statements.

INSTITUTION OF WATER OFFICERS COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the income and expenditure account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property - 115 years straight line
Furniture, Fittings & Equipment - 20% straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the income and expenditure account.

INSTITUTION OF WATER OFFICERS COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2003

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

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

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

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

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

Building maintenance reserve

In recognition of potential future expenditure relating to maintenance of the company's leasehold property, the directors make an appropriate transfer from the accumulated income and expenditure account to the Building maintenance reserve, on an annual basis, estimated amounts in respect of such future expenditure.

2. OPERATING SURPLUS/(DEFICIT)

Operating surplus/(deficit) is stated after charging:

	2003	2002
	£	£
Directors' emoluments	—	—
Depreciation of owned fixed assets	2,108	2,541
Auditors' fees	<u>4,725</u>	<u>4,500</u>

**INSTITUTION OF WATER OFFICERS
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2003

3. TANGIBLE FIXED ASSETS

	Land and buildings £	Other plant & machinery etc. £	Total £
COST			
At 1st January 2003	91,363	36,959	128,322
Additions	—	1,643	1,643
Disposals	—	(2,389)	(2,389)
At 31st December 2003	91,363	36,213	127,576
DEPRECIATION			
At 1st January 2003	3,972	34,362	38,334
Charge for the year	795	1,313	2,108
On disposals	—	(2,001)	(2,001)
At 31st December 2003	4,767	33,674	38,441
NET BOOK VALUE			
At 31st December 2003	86,596	2,539	89,135
At 31st December 2002	87,391	2,597	89,988

4. INVESTMENTS

	Eurocom (U.K.) Limited £
COST	
At 1st January 2003 and 31st December 2003	40,000
NET BOOK VALUE	
At 31st December 2003	40,000
At 31st December 2002	40,000

The above company is dormant, unlisted and incorporated in England and Wales. The Institution of Water Officers wholly owns 40,000 ordinary shares of £1 each in Eurocom (U.K.) Limited.

The aggregate capital and reserves of Eurocom (U.K.) Limited at 31st December 2003 are £44,217. The results for the year ended on this date was £Nil and the aggregate total of the investment under the equity method was £44,217.

INSTITUTION OF WATER OFFICERS COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2003

5. DEBTORS

	2003	2002
	£	£
Trade debtors	43,074	32,818
Other debtors	2,000	-
Prepayments and accrued income	60,100	7,527
	<u>105,174</u>	<u>40,345</u>

6. CREDITORS: Amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	80,000	80,000
Trade creditors	8,524	29,349
Amounts owed to group undertakings	44,217	44,217
Other creditors including taxation and social security:		
Taxation and social security	7,512	5,644
Other creditors	636	39
Accruals and deferred income	16,352	34,132
	<u>24,500</u>	<u>39,815</u>
	<u>157,241</u>	<u>193,381</u>

7. PENSIONS

The company contributes to certain employees personal pension schemes, the assets of which are held in separately administered funds. The pension cost charge represents contributions payable by the company and amounted to £3,296 (2002 - £2,685). As at 31st December 2003, pension contributions of £636 (2002 - £39) were payable by the company.

8. DEFERRED TAXATION

No provision has been made in the financial statements and the amounts unprovided at the end of the year are as follows:

	2003	2002
	£	£
Excess of taxation allowances over depreciation on fixed assets	441	714
Tax losses available	13,407	11,468
	<u>13,848</u>	<u>12,182</u>

The deferred tax asset is not provided in the financial statements because of insufficient evidence that conditions will ever exist to reverse the current timing differences.

INSTITUTION OF WATER OFFICERS COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2003

9. COMMITMENTS UNDER OPERATING LEASES

At 31st December 2003 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2003	2002
	£	£
Operating leases which expire:		
Within 2 to 5 years	<u>2,720</u>	<u>2,720</u>

10. RELATED PARTY TRANSACTIONS

By the very nature of the Institution, all directors of the company are also members of the organisation. As a result all directors pay the appropriate subscription without discounts or preferential payment terms. At the year end no amounts were outstanding from directors.

The company is related to the Society for the Environment by virtue of director, T. Boldero and company secretary Mrs L. Cooper, also being directors of the Society for the Environment. During the year the company provided an interest free loan of £2,000 for a fixed period of 2 years to the Society for the Environment.

11. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee and its governing document is its Memorandum and Articles of Association.

The directors hold no shares in the company but each director, as a member, is a guarantor of the company, to an amount not exceeding £1, in the event of the winding up of the company.

12. RESERVES

	Building Maintenance Reserve
	£
At 1 January 2003 & 31 December 2003	<u>29,138</u>

**INSTITUTION OF WATER OFFICERS
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2003

13. MOVEMENT ON COMPANY RESERVES

	At 1st January 2003	Surplus / (Deficit)	At 31st December 2003
National Funds			
General	164,098	43,594	207,692
Founders Fund	10	—	10
	<u>164,108</u>	<u>43,594</u>	<u>207,702</u>
Area Funds	115,466	(10,715)	104,751
	<u>279,574</u>	<u>32,879</u>	<u>312,453</u>

14. ULTIMATE CONTROLLING PARTY

In the opinion of the directors there is no ultimate controlling party.